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NEWS SUMMARY

GENERAL

PLO given free hand

Palestine National Council yesterday approved a 15-point political declaration that gives Palestine Liberation Organisation leadership a free hand to decide on whether to attend a reconvened Geneva peace conference.

Those who voted in favour of include members of the Iraqi-backed Arab Liberation Front and two divisions of the Popular Front general command, PLO said.

Despite the seemingly defiant tone of the declaration, it was understood that the door had not been closed on PLO acceptance of a negotiated settlement or the acceptance of a Palestinian mini-State. Page 4

Shire invaders: heavy losses

... troops have inflicted heavy ... on forces which invaded ... province, formerly ... President Mobutu ... in Kinshasa. Dr. Fidel ... the Cuban leader, is ... in Lusaka at the start ... three-day visit to Zambia. United Nations is due to ... Security Council debate ... South Africa to-day. Page 4

Lord Mayor of London dies

... James Miller, a former Lord ... of Edinburgh and a ... Lord Mayor of London, ... in Edinburgh yesterday. He ... 72. He had a life-long ... for sailing and in ... gave £75,000 towards the ... building a sister ship to ... training schooner, Sir Winston Churchill. Lord Cobham, ... Governor-General of New ... had died in London. He ...

Plan leak

... of the final draft of the ... Committee report on the ... of Broadcasting is likely ... the subject of a Whitehall ... this week. The report— ... due to be published on ... day—says that a fourth TV ... should go to a new ... casting authority. Back ... Feature, Page 25

Pier blast

... exploded in the grounds ... Belfast's Royal Victoria ... last night. Police said ... apparently been thrown ... the wall. Five men were questioned by police after ... battle in the middle of ... Belford Lough.

Bugner loses

Britain's Joe Bugner was defeated by Ron Lyle of the U.S. in ... Vegas on a split points decision in a 12-round heavyweight ... Bugner had hoped to use ... fight as a step towards a title ... against Muhammad Ali.

Carpets for cows

... wall-to-wall carpeting for cow ... is to keep the cows warmer ... cleaner is being tried out in ... west Scotland. This winter ... cows on farms in the Dumfries areas have been bedded on ... a type of rubber carpeting. ... farmer said: "The carpet ... them off the cold concrete ... and should keep down ..."

James Hunt wins

James Hunt, world champion ... driver, in a Marlboro ... won the Race of Champions at Brands Hatch ... yesterday.

Briefly . . .

Britain's former soccer player ... Houseman and his wife ... among four people who ... in a three-car crash.

... action is to be taken ... against students staging a new ... at Essex University.

Alexei Kosygin, Soviet ... is due in Helsinki to-... at the start of a five-day ...

... Mark—Nora the barmaid in BBC Radio Four serial, The Archers—has died in a Birmingham hospital after an operation.

BUSINESS

Special Products forecasts profits

● BRITISH LEYLAND Special Products group expects to increase its profit by 43 per cent. in 1977 to £16m. and to raise sales by 33 per cent. to £203m. A 42 per cent. jump in capital spending to £16m. is planned.

These figures are expected to provide ammunition for those who believe the group should be split off from British Leyland. Back Page. Talks begin to-day on the toolmakers' grievances as production returns to normal after a four-week strike in which 50,000 were laid off. Page 30

● LARGE-SCALE repayments of the sizeable sums of official foreign currency borrowings arranged by the U.K. over the last two years will begin in 1979. Back Page

● DEPARTMENT of Trade is considering dropping the requirement for private companies to have fewer than 50 shareholders. This will allow companies such as housing associations to turn private when an EEC directive comes into force requiring a minimum capital of £16,000 for public companies. Page 5

● TIGHT monetary controls now in existence should be applied with the utmost flexibility, said Sir John Prideaux in his last annual statement as chairman of National Westminster Bank. They should be relaxed as soon as the economic situation permits to avoid long-term harm to U.K. industry. Page 26

Top Venezuela bid by GEC

● BRITISH consortium headed by GEC made by far the highest bid for a contract to supply railing stock and rails for the Caracas Metro. With seven competitors GEC's bid was $605.8m., while the lowest was $229m. Back Page

● THAMES NITROGEN, an independent U.K. fertiliser supplier, has shut its Essex plant at Rainham because of continued increases in the cost of imported ammonia. It says that it cannot compete with dominant producer ICI, which obtains its supplies of gas—the raw material—under a long-term contract. Page 5

● HARLAND AND WOLFF, the State-controlled Belfast shipyard, look set to win orders for two gas carriers from Shell expected to be worth £50m. Page 5

● TRADE UNIONS at IBM plan to use the Employment Protection Act to force recognition in the face of a 25-year-old ban within the multi-national group. Page 30

● CONSTRUCTION industry expects the impending introduction of the Government's tax deduction scheme designed to eliminate lump labour to cause serious cash flow problems. Page 5

Hitachi factory plan attacked

● JAPANESE group Hitachi should not be permitted to set up a manufacturing unit in Britain, the U.K. TV industry has told the Government Back Page. Hitachi is challenging EMI in the market for brain-scanners, which the U.K. group pioneered in the early 1970s, by mounting an aggressive sales campaign in Japan. Page 4. Hitachi predicts net profit for the second-half of 1976 to be below the £31.5m. of the first-half, but well above the £23.2m. recorded in 1975's second-half. Page 27

COMPANIES

● L. M. ERICSSON, the Swedish telecommunications group, shows a 42 per cent. decline in profit to Kr.407m. (£56.2m.) in the preliminary results for 1976. Page 27

● INCHCAPE convertible Eurobond issue has been increased from $25m. to $35m., although the conversion terms are unchanged: the stock will be convertible at 385p, a discount from Friday's closing price of 390p, after six months. Page 28

LIBERALS TAKE TOUGH BARGAINING STANCE ON VOTES AID

Callaghan's hope of avoiding election is fading

BY RICHARD EVANS, LOBBY CORRESPONDENT

Mr. Callaghan's prospects of avoiding a General Election worsened significantly yesterday when Mr. David Steel outlined the conditions under which the Liberals would be prepared to see the Government remain in office.

The Liberal leader made the Prime Minister's task of reaching some form of agreement with the party's 13 MPs immeasurably more difficult when he insisted that any Government commitment would have to be "open and public."

Although the Prime Minister and his Cabinet colleagues are known to be in favour of talks with the Liberals in the hope of staving off defeat in Wednesday's censure debate, any deal would have to be reached with great discretion.

It is unlikely that Mr. Callaghan will be willing to enter into any form of public commitment.

Mr. Steel, who has now become the key to the Government's survival, made his tough bargaining position clear in an interview on ITV's Weekend World after making contact with most of his Parliamentary colleagues.

The only thing that would prevent the Liberals from backing the Conservative motion of no confidence in the Government would be, he said, an initiative from Ministers "to change the whole course of policy in the remaining period of this Parliament."

In short, the price Mr. Callaghan will have to pay for Liberal support in order to remain in office until electoral prospects improve, is public agreement on agreed measures.

This price will be difficult for him to pay, because of the furore it would create inside the Labour movement.

Mr. Steel has already indicated that he would require specific assurances from the Government on devolution, tax reform, direct elections to the European Parliament on the basis of some form of proportional representation, and early legislation on industrial democracy.

The precise nature of these demands is likely to be explored at a meeting between Mr. Callaghan and Mr. Steel in London early this week, probably to-morrow.

The Prime Minister spent yesterday at Chequers planning his strategy for the next three days when he will explore all avenues open to him to keep his minority Administration in power.

The importance of the Liberal position is shown by the Commons arithmetic. Labour has 310 votes and can rely on the support of Mr. Gerry Fitt of the Social Democratic Labour Party, giving a voting total of 311.

The Conservatives with 278 MPs will be joined by the 14 Nationalists, the two members of the breakaway Scottish Labour Party, and probably nine of the Ulster Unionists, giving a total of 303.

This leaves out of account the remaining Ulster Unionist, Mr. Enoch Powell, who is expected

Continued on Back Page
Liberals may help. Page 7
Scottish Nationalists, Page 10
Ulster Unionists, Page 10

The state of the parties in the Commons is:

Labour	310
Conservatives	278
Liberals	13
Scottish Nationalists	11
Plaid Cymru	3
United Ulster Unionists	8
Ind. Ulster Unionists	2
Ind. Scottish Labour	2
SDLP (Mr. G. Fitt)	1
Ind. Irish (Mr. Frank Maguire)	1
Speaker and non-voting chairmen	4
Seats vacant	2
Total:	635

Unionists may be 9 to 1 against

By Giles Merritt

AFTER a week-end spent in *the Province, gauging local* opinion, nine of Ulster's ten Unionist MPs now seem set on voting against the Government in Wednesday night's no-confidence motion.

The tenth vote is that of Mr. Enoch Powell. Although Mr. Powell's hypnotic ability to influence United Ulster Unionist Coalition policies is now legendary in Northern Ireland, the usual situation appears to be reversed and Mr. Powell is under increasing pressure to vote against the Government whatever his feelings about the Conservatives.

Mr. Powell this week-end has been tacitly threatened with expulsion from the ranks of the official Unionists.

The party's leader, Mr. Harry West, said that an astute politician like Mr. Powell would not vote against the party "knowing the consequences."

The motive of the nine are not so much the belief that a Conservative Government would support their political demands for Northern Ireland as retaliation against the present Labour Government's administration of the Province.

Increased

Five of the Coalition's eight members have now made plain their intention of opposing the Government.

The Coalition's leader at Westminster, Mr. James Molyneaux, has so far avoided any public *commitment*, no doubt because this morning he is to meet Mr. Callaghan after his talks on Friday with Mr. Roy Mason, Northern Ireland Secretary.

The chances of an agreement that would be acceptable to the Coalition while not hopelessly compromising the Government's policy stance on Ulster seem very slim.

The two Unionist MPs who do not take the UUUC's whip, Vanguard leader Mr. William Craig and independent Mr. James Kilfedder, have both indicated that they, too, will vote against the Government.

Of the remaining two uncommitted UUUC members, Mr. William Ross is expected to express his strong criticism of security policy with a vote of no confidence.

Of the two non-Unionist MPs representing Northern Ireland, Social Democratic and Labour Party leader Mr. Gerald Fitt is certain to support the Government, but Mr. Frank Maguire, an independent with strong Republican sympathies who sits for Fermanagh-South Tyrone, remains an unknown quantity.

Mrs. Gandhi and Sanjay lose in poll

BY DAVID HOUSEGO, ASIA CORRESPONDENT

NEW DELHI, March 20.

THE INDIAN electorate to-night appeared to have decisively rejected Mrs. Indira Gandhi's emergency rule and to have left the country with little chance of stable Government.

In the most humiliating blow, Mrs. Gandhi was defeated in her own constituency by Mr. Raj Narain, whose petition against her for corrupt electoral practices after the 1971 election resulted in the declaration of the emergency.

Her son Sanjay, who only three months ago was spoken of as her chosen political heir, lost in the neighbouring constituency of Amethi in Uttar Pradesh.

Another casualty and confidant of Mrs. Gandhi was Mr. Bansi Lal, the Defence Minister. He, like Sanjay, was associated with the highhandedness and authoritarianism that were at the root of the unpopularity of emergency rule.

Several other ministers, including Mr. H. R. Gokhale, the Law Minister responsible for the draft of the amendment to the constitution, and Mr. D. D. Sharma, the Minister for Communications, were also defeated.

The Congress Party as a whole seemed on the brink of its first defeat since India became independent 30 years ago.

Mrs. Gandhi's defeat in her constituency does not mean she would have to step down immediately as Prime Minister, if her Party retains a majority. She could continue in office for six months before seeking a seat in Parliament through a by-election.

Supporters of the opposition Janata Party showed wild jubilation as the election results flowed in.

Thousands of people danced in the streets of Delhi and waved the Janata Party flag.

Dominated

With results known for 205 out of 540 seats, the Congress Party had 76, the Janata Party 103 and others 26.

As the election results came in, India's Acting President R. D. Jatti revoked the 21-month-old state of internal emergency imposed by Mrs. Gandhi.

The political bargaining of the coming days is likely to submerge the clear-cut and ideological issues of democracy versus tyranny which dominated the campaign and instead bring back the familiar factional infighting of Indian politics.

Inevitably this in-fighting will be dominated by the same professional machine politicians who have wrestled with Mrs. Gandhi and who are now left to tussle among themselves.

The election has aroused enormous expectations—not only of political freedom but also of higher wages, tax cuts and higher living standards. This means that, in the absence of firm government, the country is in for a long period of instability and possibly turmoil.

Across the whole of northern India, from Haryana and Rajasthan in the west through the central plains of Uttar Pradesh and Bihar in the east, the so-*called "Janata wave" seems to* have swept the Congress Party into the dust.

Since independence, these States have been the heartland of Congress power. But they have also been the areas where the sterilisation programme was pushed through the hardest and which have now demonstrated their resentment at the abruptness with which human rights were disregarded.

Impact

In the south, however, where the impact of the emergency was *felt less*, Congress has been taking most of the seats. The party seems to be establishing a strong lead in Andhra Pradesh and Karnataka, and, with the aid of a local film idol, in Tamil Nadu.

It is also riding to victory, though less comfortably than in previous *elections*, in Maharashtra.

Never before has there been such a split between the two halves of the country, with north and south voting for rival parties. Congress strength in the new Parliament will basically be concentrated in four States.

The shape of the next Administration will be decided by the deals struck by politicians in the coming days. Manoeuvring was already under way to-night as it appeared that Mrs. Gandhi would drop out of political life.

Personally rejected and with few close advisers left with any political standing, she seemed to-night to have little chance of carrying through any counter-measures to preserve her position.

Much to her credit, however, is that the polling—except in Bengal—seems to have been conducted fairly and without Government interference.

Of the key figures now, the most crucial is likely to be Mr. Jagjivan Ram, the former Agriculture Minister whose resignation from the Congress Party and support amongst the Harijan, untouchable community, has been most responsible for the opposition's success.

Before the full picture became known to-night, his aim seemed to be to regroup the Congress Party under his leadership, taking with him whatever factions from the Janata Party he could carry.

Victory for French Left in municipal elections

BY ROBERT MAUTHNER

PARIS, March 20.

FRANCE'S Opposition Left-wing alliance won a sweeping victory to-day in the municipal elections, greatly enhancing its prospects of defeating the Government Coalition in next spring's General Election.

The Left, grouping the Socialists, Communists, and the Left-wing Radical parties, did even better than in the first round of the elections last Sunday, contrary to the usual pattern in the two-round French electoral system.

While the Government parties had the same score as last week, about 46 per cent. of the vote, the Union of the Left raised its percentage from 51 to 52.5 per cent., according to computer projections.

Chirac role

The results, interpreted as a defeat even by some prominent Government leaders, were in line with the steady progress by the Left in all French elections since the beginning of this decade.

It is sometimes forgotten that even President Giscard d'Estaing was elected by only a few hundred thousand votes in 1974, and that his Socialist opponent, M. François Mitterrand, polled more than 49 per cent. of the vote.

The Left was expected to make further gains in these elections, but it was greatly helped by the profound divisions in the Government camp between Gaullists and President Giscard's Centrist supporters, particularly sharp in Paris.

M. Jacques Chirac, the Gaullist leader, who decided to run for Mayor of the capital against the official Government candidate, Industry Minister Michel d'Ornano, has won his gamble, though at the expense of Government unity.

According to late estimates, M. Chirac won 52 seats on the city council, compared with M. d'Ornano's 17 and the Left's 40, giving the ruling coalition the required majority to elect the Mayor.

Even in Paris, the Left did much better than expected after its relatively poor showing in the first round, polling 2 to 3 percentage points more of the vote than M. Mitterrand did there in the Presidential election.

The Government had a particularly humiliating defeat in the arrondissement where M. d'Ornano was defeated by a Communist-led list.

In the rest of the country the Left made huge strides, ousting Government mayors from over 50 towns of over 30,000 people and consolidating its hold on the west, traditionally a conservative stronghold, by capturing the Breton capital of Rennes.

Perhaps the severest setback for the Government in the provinces was in the central industrial city, St. Etienne, home of France's famous soccer team, where a Communist unseated the Mayor, M. Michel Durafour, who is Deputy Finance Minister.

Another Government Minister, M. Norbert Ségard, State Secretary for Posts and Telecommunications, was beaten in Lille, where the Socialist Mayor, M. Pierre Mauroy, won by a substantial margin.

One of the few Government consolation prizes was its victory, after a close fight, in Toulouse, the fourth largest city and centre of the aircraft industry, over a leading Socialist, M. Alain Savary.

Warning

The conclusion drawn by Government leaders is that they cannot hope to win next year's General Election without a restoration of the coalition parties' unity.

M. Chirac also repeated to-night his constant theme song that President Giscard and the Government must take the fight to the Left to avoid a crushing defeat next year, instead of sitting back and hoping that the electorate will come round spontaneously to appreciating the virtues of the President's "advanced liberal society."

But the personal rivalry between M. Chirac and President Giscard and the Gaullists and Centrists in general has now reached such proportions that a real reconciliation has become very difficult.

Money restraint will deepen recession, say analyses

BY ANTHONY HARRIS

EXISTING policies of monetary restraint will lead the U.K. into deepening recession, according to two influential analyses published to-day.

Greenwells, the stockbrokers call for lower interest rates and an appreciation in the foreign value of the pound. A more broadly-based attack from the Economic Policy Group at Cambridge, says the agreement with the IMF should be re-negotiated and calls for energetic reflation, protected by controls on manufactured imports.

The Greenwell analysis says that the impression of monetary relaxation given by the recent fall in interest rates is deceptive. The new figures for monetary growth released last week confirm that restrictions are a great deal tighter than is implied by the target for monetary growth.

When allowance was made for inflation, the real value of the money stock was reduced by a fifth in the five months to February, the brokers say in their latest Monetary Bulletin. It had fallen 16 per cent. since the beginning of the financial year.

The squeeze was even tighter than it appeared, because it was not preceded—as was the case in 1974, for example—by a period of excessive monetary growth. There was, therefore, a risk of repeating the errors of 1974, 1969, 1966 and 1961, when a squeeze was imposed as the economy slid into recession.

A rise in sterling would stimulate the economy by checking inflation.

Critical

The Cambridge analysis, which continues the unconventional work in medium-term issues which has been carried on for some years by Mr. Wynne Godley and his associates at the Department of Applied Economics, makes a radical assault on the international approach to the present recession. It says this is partly caused by the present fashion for monetarist policies.

The annual review is also ... critical of recent British Government policies. Cuts in public sector investment, as opposed to current spending, had been excessive and damaging, and wage restraint policies had caused anomalies so great that there was danger of a backlash which would make inflation worse than it would have been without restraint.

There could be no permanent reduction in inflation until these distortions had been removed.

On the longer term even with the benefit of North Sea oil, and the consequent easing of budgetary restraint which this would make possible, Britain could not on present policies, achieve nearly enough growth to put the growing labour force to work.

On present trends and with unchanged competitiveness, unemployment would rise to 2m. by 1985.

Further devaluation was no way out. The resultant wage pressure would be highly inflationary and might make any effective devaluation impossible. The group repeats its call for import controls.

LOMBARD

Horrid cynicism of the media

BY IAN DAVIDSON

LORD RYDER is quite right to pin the blame for British Leyland's troubles squarely where it belongs, on the cynicism and criticism of the Press. Indeed, Leyland is not the only victim of the yapping and mud-slinging in the media generally, which have become so clamorous of late.

There's Yorkshire television casting gratuitous "insinuendoes" at Councillor Paddy O'Connor over his selfless work for the homeless. There's the Evening Standard running a campaign against honourable citizens who put in overtime to keep London's boroughs going. There's Joe Rogaly having the audacity to proclaim that the British civil service is overstaffed, overpaid and over us. And to cap it all, there's an *American* magazine, Business Week, leaping on this unseemly bandwagon to claim that the Bank of England is a good deal less than it is cracked up to be. This systematic denigration of public figures who have served their country well for most of our lives has got to stop.

Wasn't it Nye Bevan who said, à propos of the consultants who were resisting inclusion in the fledgling health service: "I will stuff their mouths with gold"? The Government might consider a similar approach to its detractors in the media. For example, it could introduce special income-tax incentives for responsible journalists; but these incentives would themselves have to be covered by the draconian application of the new Freedom of Information Act, or else the negotiation of Phase Three of the incomes policy would become a shambles.

Ermine

Alternatively, it could reward sensible reporters with knighthoods or peerages. This would give a fillip to the ermine, ostrich feather and ceremonial robes trade, but it might lead to a bewildering proliferation of titles. After all, if parliamentary sketch writers were to get knighthoods, political editors would need baronetcies, leader writers baronies, editors earldoms, managing directors dukedoms, and proprietors principalities.

The distribution of honours should restore a tone of serenity and confidence to the media. Television reporters, instead of conducting interviews with politicians as if they were probing for weaknesses, would find it was more becoming to their new status to adopt a friendly and encouraging note; they would abstain from appearing on the same screen as the riff-raff which, in any society, always has some trumped-up grouse against its political leaders.

Of course, there would be anxious mutters from trades unionists, who might add peerages to their list of demands under the social contract; but guided tours of the Palace of Westminster might convince them that seats in the House of Lords cannot simply be printed like banknotes. There would no doubt be murmurs from the established peerage, that the tone of the honours list was being debased by the inclusion of mere scribblers. But since it is a matter of public knowledge that no government has ever given honours to party hacks or to dubious business cronies, such criticism would instantly be discredited.

The most serious objection to the plan, however, is that the elevation of the most prominent malcontents in the journalistic world, would be a cause of discontent among their more responsible colleagues, and give them an incentive to become equally clamorous.

Special Branch

On balance, then, it would seem that sweeteners have more disadvantages than advantages. The only alternative is firmness, and it could be applied discreetly, with little or no modification to instruments which are already at hand.

Firmness would imply that all correspondents of Business Week should be deported, along with Messrs Agee and Hosenball, for having exposed the Bank of England (and thus the British economy, not to mention the reputation of the Labour Government) to grave danger. In any case, the well-established practice of using the Special Branch to vet the political loyalty of senior editorial television staff should clearly be tightened up to eliminate controversial or seditious matter from the box.

If by chance these very moderate measures should prove insufficient, the authorities should extend the application of criminal libel suits to any journalist who claims in print that the economy is out of control, that the electoral system is unfair, that the civil service is over-staffed, or that the government is unable or unwilling to set British Leyland to rights.

After all, it is well known that there would be no trouble in Ulster if it weren't for the BBC, that the pound would be in no difficulty if the Press did not sensationalise our strikes and inflation rate, and that the British people would be only too happy to pay income-tax at a rate of 100 per cent. if only the media did not draw attention to the fact.

THE WEEK IN THE COURTS

House of Lords must rule on meaning of 'discount'

BY JUSTINIAN

IN *Willingdale (Inspector of Taxes) v. International Commercial Bank Ltd.*† the Court of Appeal faced a problem of great interest with far-reaching implications to accountants and tax lawyers, namely, the true nature of discount. In the event, the Court was divided, and the problem will now be resolved by the House of Lords, to whom the Revenue, who so far have lost all along the line, is appealing.

The facts of the case are simple and not in dispute. The Bank was formed by a consortium of five internationally famous clearing banks, including the National Westminster. The bank's business consists mainly in providing finance over the whole world to reputable companies and for terms lasting between two and 10 years.

Apart from its subscribed capital, the bank receives money on deposit and on current account. When interest accrues payable by the bank in respect of what it borrowed, it charged such interest in its accounts "on an accrual basis," as distinct from "on a cash basis." The converse applied when the bank lent money at interest, that is, it did not wait until the debtor actually paid the interest due on a loan, but treated such interest as accruing from day to day.

Prostitution

All this is commonplace. Cash basis accounting is so unrefined and primitive a system that almost the only professions still adhering to it are the Bar and that even more ancient profession of prostitution.

"The accruals concept" proceeds on the basis that revenue and costs are recognised as and when they are earned or incurred, matched with one another, and dealt with in the profit and loss account for the period to which they relate. It is one of the four fundamental accounting concepts currently and universally accepted by the accountancy profession as "broad basic assumptions which underlie the periodic financial accounts of business enterprises."*

The bank, in addition to lending money at interest in the ordinary way, financed many commercial enterprises by taking from them promissory notes for which it paid the borrowers face value less the appropriate amount of discount. In none of the first three accounting periods of the bank's life did it sell any of the promissory notes prior to maturity.

During the fourth period it sold 75 as against the 477 promissory notes maturing in its hands. These sales were made because it had a domestically-fixed limit on the total commitment in any particular country. And when it had reached such limit, the bank preferred to unload some of its existing commitments in the market rather than turn away lucrative new business.

When the time came to prepare its annual profit and loss accounts, "to give a true and fair view of the profit or loss" of the bank for the financial year, complying with section 149 (1) of the Companies Act 1948, the bank dealt with the problem of bringing into account the discount being earned on the promissory notes it was holding in exactly the same way as if that discount was ordinary interest, payable on maturity.

Rethinking

That is to say, the bank treated the discount as accruing from day to day on a straight-line basis. An example based on a current rate of interest of 12½ per cent. will suffice to illustrate the issue.

For a six-year promissory note of face value £1m. the bank would have actually paid £493,300. And at the end of each period of 12 months (assuming that the promissory note was discounted on the first day of the period) the bank would bring into account one-sixth of such discount (£84,500) as revenue earned during those 12 months.

Against that, the bank would naturally set the interest accruing on what it had to borrow to raise the £493,300—say, at 10 per cent., £49,330, giving a net annual profit of £35,120.

One day someone in the bank did some rethinking. Why should it actually be paying Corporation Tax *now* on profits whose receipt was still a long way off in the future—perhaps as long as nine years away? Is there not a cardinal principle of tax law that profits should not be anticipated? So the bank appealed against the assessments made by the Revenue for each of its first four accounting periods.

The City Commissioners and Mr. Justice Walton in the Chancery Division decided the matter in the bank's favour. It was held that as a matter of law it was wrong to treat discount as accruing in the same way as interest accrues. And the only lawful way of computing profits was to record a loss in each of the first five years of a six year promissory note, capped by a bumper profit at the end of the sixth year. On the example there would be recorded a loss of £49,330 for each of the first five years.

The profit on the transaction at the end of the sixth year would be £457,370. (On either method, of course, the aggregate profit on the promissory note is the same, namely £210,720.)

On these facts the majority of the Court of Appeal agreed with the City Commissioners and Mr. Justice Walton. The gist of the majority view was:

1—The basic scheme of tax law is that income is taxable only when *received*. And since the holder does not *receive* any part of the discount on the promissory note until sale or maturity, it is not only wrong but also unfair for him to have to find the tax on discount not yet *received*; and

2—Although interest has many features in common with discount, it differs in that it accrues from day to day and is usually *payable* at periodical intervals, whereas nothing accrues under a discount transaction before maturity. Lord Justice Ormrod, agreeing with Sir John Pennycuick, added the homely metaphor that the Crown seemed to be saying that because two roads lead from A and B they are the same road.

Accountancy

However, Lord Justice Stamp was the dissenter. He arrived at a contrary result through five propositions.

1—Profits of a business must, for tax purposes, be ascertained according to the principles of commercial accounting, subject only to any overriding principle of tax law or some provision of an Act of Parliament;

2—To bring in on the credit side a debt not presently payable does not offend any principle of tax law or statutory provision;

3—The discount on the promissory note is such a debt, and to bring a part of it in as a credit does not offend any principle or statute;

4—And so it becomes a mere matter of accountancy to determine what part should in any year be so credited; and

5—In this case all the accountants had agreed that it was proper accountancy practice to treat the discount as being steadily *earned* during the life of the promissory note.

The differing approach of the judges is characterised by the use of the word "earned" by Lord Justice Stamp and the majority use of the word "received." Which brings us back to the question: what is the true nature of discount?

† *The Times Law Report, March 16, 1977.*

* *Statement of Standard Accounting Practice No. 2, issued by the Institute of Chartered Accountants, December 1971.*

RUGBY UNION

BY PETER ROBINSON

Great Welsh moments

WALES TOOK the Triple Crown in an exciting and fluctuating match, beating Scotland 18—9. If there were serious errors made they were very much part of the game and it would be too facile to say that Scotland did not take their chances.

Wales fashioned their scores from Scottish mistakes and produced moments of greatness which won the game.

Of equal importance was the timing of the Welsh scores after halftime, when the score was 3—3. Irvine scored an early try and converted it after a killing break by Morgan. Wales came back immediately. Edwards feinted to go right but switched left and J. J. Williams was over in the corner. Bennett converted from way out and then gave Wales the lead with a penalty.

In the next breath Wales produced a masterly try. Gerald Davies jinked out of his 25, Burcher took the pass and got inside to Fenwick, who cleverly got the ball to Bennett, whose swerve and acceleration took him majestically under the posts. The conversion was a formality.

This score was worthy of Merlin, but far from being depressed the Scots retaliated strongly, without managing to finish anything off.

The Scottish side benefited greatly from their new half-back pairing. Morgan, stubborn in defence, harassed Edwards and ran well with the ball despite making one grievous error early on. McGeechan shimmied through on his own and got the line moving well. It was unfortunate that Fenwick's intercept tion of his pass led indirectly to Wales' first try.

There was much determination in the centre, where Renwick showed great pace and skill and Cranston some powerful running. It was good to see the directness which Irvine stimulated from full-back.

Scotland's re-organised pack still have certain deficiencies, notably at the line-out where MacDonald's inaccurate palming conceded ground. Carmichael and McLauchlan Wales still managed to push and wheel the Scots. This suggested that the Scots were not being properly locked.

Barnes was splendid in the mauls. If Biggar caught in close defence and movements, Madsen was worthy contribution three strikes against helped by Edwards slow put-in.

The Welsh pack was more securely anchored, catching or guiding it accurately. Wales had off their peel and rather cumbersome in substitute. Quinnell's the mauls is essential, be stopped the game early. Wales had two long back row forward ner and Burgess. It well for around the Edwards had one of the terested days when he to be going through back row. But his off good enough and Ben than compensated with variety of tactics.

When Scotland fly-half the defence Wales were gerous in counter headed some terrific keep them out ingenuity alone. Wales their crown.

Le Grand Panjandrum

THE LITTLE "Great Panjandrum" of France's new-style rugby threw off its often uninspiring efficiency against the Irish on Saturday to explode briefly into a colourful display of running and handling.

The reward was not only the championship of the five home nations but a grand slam for only the second time for France.

In a three-minute spell, six minutes into the second half, France went from trailing by three points to six leading by 12 points to six. They later added another three penalty points to win comfortably against a game, unhumbled but inadequate Ireland by 15 to six.

While France predictably kept largely to their forward and defensive brief—remarkably they have not conceded one try—they have conceded only six tries throughout the championship and fashioned, at that turning-point of the game, a move out of defence that split Ireland wide open.

The man who did the real damage was full-back Aguirre, his Lions ticket. Although a scrum-half Robbie had had to be replaced by McGrath after six minutes because of an ankle injury, all the Irish side were from an already injured captain, Tom Grace. (He was eventually replaced by Blake-Knox.)

Paco, the French hooker, was up in support, and could conceivably have powered his way through the last 25 yards as the Irish defence raced back. Instead, he passed to the mighty Bastiat who pounded over for a magnificent touchdown. Aguirre converted.

The first half, on balance, probably belonged to Ireland, whose well-known passion for disruptive play stopped the French from settling into any sort of rhythm.

Behind a hard and bruising forward battle that never quite got out of hand, Fouroux was playing a great captain's game but had more difficulty with his job as scrum half. Romeu, at stand off, although his line-kick ing was still excellent, was not truly on song.

Ireland were doing well in the line, mainly through Duggan, who must now have confirmed his Lions ticket.

showing great fire an ment.

But despite leading penalties from Gi Quinn to one by Rom time, the creative came from France.

Both back rows were but the French looks better than Keane a in the front row, where borde was outstanding lost four tight heads succession midway the upset somewhere.

The French three however, are rather fa grey, and it will be to see how this grand is remembered in years It is quite likely, the pack and half back niggling reminder of fist though against L was far better behav The Irish have been the drawing-board ma the last three years still managed to lose last 11 matches. Co going to New Zealand is no immediate radical improvement. STUART

Leeds show their organisation

SOCCER

BY JAMES FRENCH

THE F.A. CUP was not the Great Leveller in Saturday's quarter-finals, which provided home wins for Everton, Liverpool, and Manchester United, against lower-placed sides, and an away win for Leeds against Wolves, the last Division II survivors.

So to-day's semi-final draw must produce one all-Lancashire tie, and one Battle of the Roses, either pairing the two Liverpool clubs, or permitting the prospects of their meeting in a Reds v. Blues final.

Liverpool are chasing a treble. They head Division I by a point (Ipswich having squandered a games-in-hand advantage) and on Wednesday they qualified for the European Cup semi-finals by beating St. Etienne. Everton, having sacked a manager in mid-season, are still also in the final of the Football League Cup.

Manchester United and Leeds, both enjoying a run of fine results after earlier inconsistency, are hungry for new successes; indeed, accepting their lack of popularity throughout the land, which resulted from the style they adopted when managed by Mr. Don Revie, Leeds may argue that success has short-changed them over the last decade or so.

As 1-0 wins go (and there are a lot of them about) Leeds's win over Wolves at Molineux was extremely comfortable. Wolves thrashed about for the first half-hour, making nearly all the running, but never once managing any sort of shot inside the Leeds penalty area.

After 31 minutes Leeds snatched a classic goal. Clarke pushed the ball to the left touchline, Hampton, now the resident left-back, made ground and released the ball perfectly for Eddie Gray, who had been involved in the lacing up of the move, to crown his anticipation with a sweet header well clear of Pierce.

"Now match that," said the strut of Leeds. And Wolves, despite, or because of, their frantics, could not.

It was all to do with organisation. Leeds had it, Wolves had not. Wolves would keep wafting high balls down the middle, which merely gave the mighty McQueen the chance to show that although he was not virtuous (nudge, nudge, push, push) he was a virtuoso when it came to nutting away the ball.

Wolves failed to provide collar leagues in possession with suf- ficient passing opt result was a glut of Daley made more the else—but that was was Wolves' unsuit mobile player. If shown his commit would not have been with so much under pressure.

Strong wing play feature of Wolves' the post-war era. talented striker, is to-goal performer be given ball to run Wolves seem to have about wing play. banks were left unta Richards, involved in able aerial battle, little to chase.

Despite the dep Bremner, Hunter an lovable, but they are professional (which a euphemism for unpleasantly hat-tric They got away w posses undetected referee, preventing taking quick free most of it, whe whistle drew possession with Clarke neutralising bones of a final rally the ball while the sec away.

Nice one, Oxford—and sponsors

BOAT RACE

BY MICHAEL THOMPSON-NOEL

NICE ONE, Oxford: nice one, sponsors. For an event which by its nature is open to only two competitors, the Boat Race continues to display an epic durability.

Saturday's race, the 123rd, was no great classic — the tide and weather settled that — but as Oxford powered into the earliest possible lead, the celebrants about the Ladbroke's hospitality boat were able to reflect that for £20,000-worth of sponsorship, they had successfully associated themselves with an event of heroic fascination.

Oxford came to the race with all possible advantages. Mason (Oxford's president), Wiggins and the super-heavyweight Crispin Money-Coutts were Blues and for the fourth man in the engine room, Oxford were able to call on Al Shealy, the American Olympic oarsman, as anchorman at Number 6. At stroke, they had an Australian world lightweight champion, Andy Mitchelmore.

In most books, this was the strongest Oxford crew since the war, and they rowed like it, although the conditions — headwinds at Hammersmith and choppy water soon after the Crabtree, which only relented in the final stages towards Mortlake — were never going to permit a row approaching last year's record.

Still, at the new conversion rate of three seconds to a length, Oxford finished in 19 minutes, 28 seconds — or 22 seconds faster than Cambridge — the result goes down as Oxford's greatest winning margin for 78 years.

The winning crew stayed in the Head of the River two week's time, certainly plan to aim and the Grand Challenge.

For Cambridge, it is a little less relaxed, losing the toss themselves on the station, they banked on a pummelling starts them to 41½ strokes at the first minute.

But it was Oxford's strength and (by Hammersmith Dark Blues were nearly but Cambridge we means laughed off the

Their reserve crew beat Oxford's second by the same seven lengths tance that Oxford won Race. Of equal Cambridge hope that members of this year one every year since 1978.

Our Edition in top class

RACING

BY DOMINIC WIGAN

THERE CAN be few better three-mile chasers in training now than the Stan Mellor-trained Our Edition, judged by the way in which the 10-year-old toyed with his opponents under top weight in Saturday's Double Star Chase at Lingfield.

Our Edition, who failed to complete the course three times last season, now seems to have his jumping problems ironed out.

Sent into the lead early on on Saturday, Our Edition never appeared likely to be caught, and his closest pursuer, that high-class handicapper, King Flame, was under pressure and going nowhere in pursuit fully half a mile from home.

Steve Jobar, who rode Our Edition, has spent a lot of time teaching Stan Mellor's 10-year-old to jump in recent months. I can see no reason why he should not go on to achieve some further successes on this occasion.

Turning to to-day's racing, which comprises meetings at Folkestone and Wolverhampton, Mellor's Getting mediums ... the Rye Chase at Folkestone, and Our Edition's stable companion, Duc de Boisbec.

Duc de Boisbec ... the Midland course's Division 1 of the Novices hurdle, who was ... graced when going ... Extravaganza and ... Sandown's valuable hurdle last time out ... opposition will be ... liking.

FOLKESTONE

1.45—Pocket Friend
2.15—Rocky
2.45—Poor Boy
3.15—Grammar
3.45—Gold Rover
4.15—Ducdale

WOLVERHAMPTON

2.00—Duc de Boisbec
3.00—Winter Rain
4.30—High Priest

TV Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 The Flumps. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 It's Our Turn. 5.35 Paddington. 5.40 News. 5.55 Nationwide (London and South East only). 6.20 Nationwide. 6.50 Ask the Family. 7.15 Poldark. 8.10 Panorama. 9.00 News. 9.25 The Monday Film: "Walkabout" starring Jenny Agutter. 11.00 To-night. 11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 11.40 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.00-11.25 Public Account. 11.25 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich), Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University. 11.00 Play School. 3.00 p.m. Contact. 3.20 The Education Debate. 4.55 Open University. 7.00 News on 2 Headlines. 7.05 Open University. 7.30 Newsday. 7.45 Diary of a Village. 8.15 The Freddie Starr Show. 9.00 "The Lady of the Camellias," by Dumas starring Kate Nelligan and Peter Firth, part 1. 9.50 The Age of Uncertainty. 10.45 Beethoven Plus One. 11.10 Late News on 2. 11.20 Open Door. 11.50 Closedown: Rosalind Shanks reads "In a Convent Garden" by Alan Brownjohn.

LONDON

9.30 a.m. For Schools. 10.25 Untamed World. 11.05 For Schools (continued). 12.00 ... And Mister Too. 12.10 p.m. Rainbow. 12.30 Drive-In. 1.00 News. 1.20 To-day's Post. 1.30 Indoor League. 2.00 Good Afternoon. 2.25 Monday Matinee: "Dual Alibi," starring Herbert Lom and Phyllis Dixey. 3.50 Emmerdale Farm. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 Batman. 5.45 News. 6.00 To-day. 6.35 Crossroads. 7.00 Opportunity Knocks. 7.30 Coronation Street. 8.00 Oh No It's Selwyn Froggitt. 8.30 World in Action. 9.00 Charlie's Angels. 10.00 News. 10.30 Rising Damp. 11.00 Help. 11.05 People and Politics. 11.50 Two short stories. 12.05 a.m. Close: Rosemary Simonds reads extracts from "Love Reaches Out" by Ulrich Schaffer.

All IBA Regions as London except at the following times:—

ANGLIA

ATV MIDLANDS

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos. HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast.

RADIO 2 1,500m and VHF

RADIO 4 434m, 330m, 285m and VHF

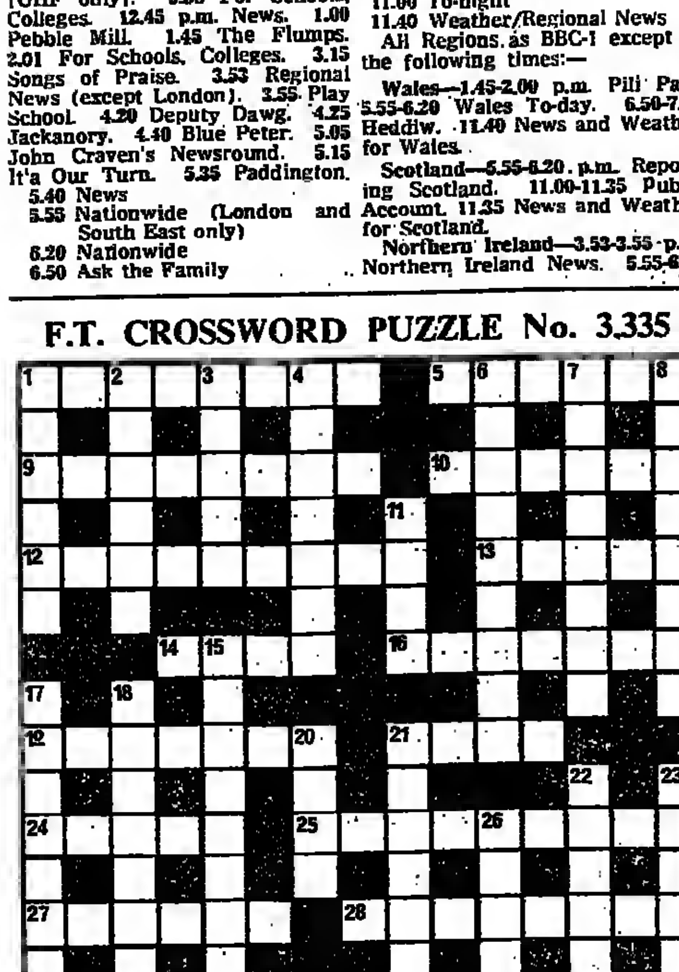
RADIO 3 464m, Stereo & VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,335



ACROSS

1 Gaiety girl includes it (8)
5 Rock-garden? (6)
9 Blessed is the married man (8)
10 "That I shall say good night till it be ——" (R. and J.) (6)
12 Restored Russian about to cause a commotion (9)
13 "From out thy dark —— thou art summoned" (Iolanthe) (5)
14 The young lady is not a success (4)
16 It leads to the Palace, but you can't win it (3, 4)
19 Hint from a dog (7)
21 Wags keep them about them (4)
24 Profligate takes in a horse—the rascal (5)
25 Get a bit nearer to a place in Essex (9)
27 Obviously a sound film (6)
28 Clergyman has the tea to clear (8)
29 It takes offensive action to cease work (6)
30 Toil and rest confused in poems (8)

DOWN

1 Surprise for the baronet down under (6)
2 It is madness for the girl to go round North America (6)
3 Barnaby takes a penny from the servant (5)
4 Ancient historian has nothing to say to us (7)
6 Expiation intended, we hear, to follow after unity (9)
7 Fatal expression in nearly everyone (8)
8 The latest about British port suggests fresh policies (3, 5)
11 Observe the approach of bad itinerant musicians (4)
15 Healthy state of the huntsman (2, 3, 4)
17 Executes work on time before upset (8)
18 Odd it refers to one (8)
20 Bishop turns up in ceremonial dress (4)
21 River of the North-East includes the atmospheric conditions (7)
23 Serious about the oriental leg-armour (6)
22 Airline takes numbers to the festivities (6)
26 Good-for-nothing causes disturbance in Poona (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Festival Hall

Muti's Prokofiev

by MAX LOPPERT

...he *Alexander Nevsky* Cantata ... the Sinfonietta made up the ... of Ricardo Muti's concert ... the New Philharmonia ...estra and Chorus last night. ...her performance was one to ...ire great confidence in the ...luctor as a natural Prokofiev ...rpreter. The Cantata was ...n a reading at once rough ... fussy, with flabby, vacillating ...hms or else spurts of speed ... substitute for weight, mas... splendour, and inexorable ...e.

...ere was little glory in the ...estra (strings skating; ...gh not in the icy manner ...l of them, along their parts; ..., inaccurate brass; the kind ... uncertain ensemble that ...s an accusing finger at the ...uctor's control) or chorus ...d of tone, the altos ...ially flavourless). There ... glory in Irina Arkhipova's ...ery of the lament, a moment ...hich we recalled the true ...al, demotic but also distinc... colourful, of *Alexander* ...*ky* in the concert hall, in ...rmances more assured and more fervent than this.

The Sinfonietta is an early work, written in 1909, before the *Classical Symphony* and under the influence of Nicholas Cherepnin, then substantially reworked some years later—this version was played here. Five light movements pass pleasantly by, with very little impress on them of the real Prokofiev bite. A possible exception is the Scherzo, with its buzzing pizzicatos and sudden stabs of percussive pungency from low strings; but the Intermezzo sounds like watered-down Chabrier—although, here and elsewhere, the performance seemed so tentative that decent acquaintance with an unfamiliar score has still to be made.

Muti continues to stir lesser-known pieces into his concert programmes, to sometimes stimulating effect. Another example in this first half was the Stravinsky Opus 3, his *Scherzo fantastique* of 1907-8, looking forward to *Firebird* and sideways to Stravinsky's master Rimsky-Korsakov, in a tracery of enjoyable opulent elaboration. A certain sheen on the strings, a quick-spiritedness from the wind, was a reminder of the conductor on happier and more characteristic form. But the general impression was similarly hazy.

The Entertainment Guide is on Page 30

St. Pancras Church

C.P.E. Bach

by NICHOLAS KENYON

...slightly thinner Camden ...el than some we have en... In the past opened on ...day night with a choral con... by the Collegium Musicum ...ndon under Laszlo Heltay. ...gh the work was unknown, ...rge church of St. Pancras ...respectably full, which ...how valuable the Festival's ...ella still is to events which ...otherwise pass unnoticed ...e margins of London's ...al life.

...P. E. Bach's oratorio ...*stehung und Himmelfahrt* ...(The Resurrection and ...sion of Jesus) was receiv... what was probably its first ...ete performance in this ...ry: the BBC broadcast a ...ental recording of the ... unavailable here, a ... of years ago, and back ... fifties Sir Anthony Lewis ...ted substantial extracts ... the work; but no other ...mances have been un...ed. Now a new edition of ...atorio has been prepared ... Darvas, and a vocal score ...ilable through Eulenberg; ...ought to stimulate more ...gs of a most enjoyable— ...rely great—work.

...looking at the score, the ... appeared to stand firmly ... in the baroque grandeur ...ndel and the classical ...e of Haydn and Mozart, ...ing both massive choruses ... old tradition and rococo ... anticipating the newer ... But in performance, the ...weep of Bach's conception ... Resurrection story, as ... the moments of banality and inflated emotion, pointed much further forward: to the huge 19th-century oratorios of Mendelssohn and his followers, intent not so much on expounding a text as on uplifting their audience by purely musical and emotional means. Here the Brahmsian sonority of a nostalgic duet (sung by Meryl Drower and Nigel Rogers) celebrating the comforts God brings, and an ineffably cheerful bass solo with bassoon obbligato were entirely convincing; the thrice-repeated choruses of triumph, with their solidly homophonic writing, much less so.

Any lack of conviction was not the fault of the chorus, who sang with unfailing liveliness through some long stretches of uninspiring writing; it was a pity that the orchestra was well below a matching standard, and that Nigel Rogers (so fine in earlier music) could not find an easeful grace for his difficult arias. But Brian Rayner Cook, who as narrator had most of the splendid accompanied recitatives which intersperse the piece, distinguished the evening with a resonant, prophet-like declamation of the text which would have charmed the most demanding Victorian audience. One or two misjudged tempi and persistent attention to the score indicated that the direction of the music was not as firm as it might have been; nevertheless the account was reliable, and provided above all a valuable addition to our growing knowledge of that strangely unpredictable period of musical history, the mid-1700s.

Covent Garden Proms

...e will be a sixth season ...ms at the Royal Opera ..., Covent Garden, from ...y April 11 to Tuesday April ...luding four evenings of opera and four of ballet. It will be sponsored by Midland Bank. As in previous seasons, the stalls area will be cleared of seats, and 700 tickets for this area will be available one hour before curtain up at only 50p.

The Royal Opera will present two performances of *Tosca*, and one each of *Peter Grimes* and Gounod's *Faust*.

The Royal Ballet will present Frederick Ashton's *La Fille mal gardée*, John Cranko's *The Taming of the Shrew* and two triple-bill programmes.

Odilon Redon's 'Ophelia among the Flowers,' a large pastel, has been bought for the National Gallery, with the help of a generous contribution from the National Art-Collections Fund. It is now hanging in Room 45 of the Gallery

British singers in France

by RONALD CRICHTON

In Germany, where it has become unusual to find Wagner performances in the larger theatres without British singers in at least some leading roles, this new form of cultural export is known, by means of recordings and broadcasts, even to opera-goers who don't have much chance of going abroad. Not all of them may be aware that something similar is happening in France. Anne Howells's Carmen at Nantes, described here on March 12 was one example of this "peaceful invasion," not confined to Paris but affecting also the operatically long-dormant regions, several of them now provided with subsidised companies active in more or less the same way as Scottish, Welsh National and Kent Opera in these islands.

Much of this activity happens in a part of France where historically ancient links—not always peaceful—are being renewed in an unexpected way. Glyndebourne Touring Opera only a short time ago took *The Rake's Progress* to Angers, whose enterprising theatre had already twice borrowed the Glyndebourne Chorus for its own productions, one of them Lavelli's *Idomeneo*, which virtually discovered that opera for the French public. The Press was enthusiastic about *The Rake* and saw the point of the touring company, that the cast learns the work from the beginning with the Festival soloists, so that however young and inexperienced individual members of the touring company may be, they are thoroughly prepared for their roles by Glyndebourne's exacting ensemble standards. Another example was the production at Rennes of Rossini's *Tancredi* with a group of young British singers under an American, London-based conductor, who later brought the opera in a concert version to South Bank.

This season's revival of Everding's production of *Don Giovanni* at the Opéra in Paris included in the cast Margaret Price as Anna, Kiri Te Kanawa as Elvira, Stuart Burrows as Ottavio and Malcolm King as Masetto. Each of the British guests did us proud, the two ladies being greeted with especial rapture by a house crammed to the last *strapontin*. Miss Price sang "Non mi dir" with the creamy smoothness one dreams about but was insensitively loud in the quick section (once or twice she peremptorily broke the rhythm to take a breath—fortunately she doesn't need to take many). Miss Te Kanawa also had a bout of unwonted heaviness, in the balcony scene of all places, but made ample amends with a radiant account of "Mi tradì."

Too much loudness—Ruggero Raimondi partly spoiled his convincing portrait of a Sevillian playboy about to go to seed by shouting in "Fin ch'han dal vino" and at moments of stress elsewhere. Jane Berbié's voice is too heavy now for Zerlina's "Batti, batti," but the second aria was charming. Neither Mr. Burrows nor Gabriel Bacquier (how good he always is in this theatre) as Leporello, were guilty of such excesses, nor was the discreet, musicianly conductor, Peter Maag. Toni Businger's sets, German airport chic against black drapes, are horrid. Just how horrid, one realises two evenings later at the Comédie-Française, admiring Abd'elkader Farrah's design for Corneille's *Le Cid*—another black surround, occupied by a single, broad copper strip curling up and over the acting area, warm and restful to the eye. Incidentally, with *Carmen* at Nantes in between, that made three Sevillian settings running.

The present healthy state of opera-singing (if not of opera economics) in this country has not gone unacknowledged by our neighbours. The magazine Lyrica last month carried a cover headline "L'Ecole de chant anglaise," referring to an editorial interview with Henry Cuny, described as the author of a detailed study of singing in Great Britain. It is easy to detect mistakes and misapprehensions in his answers, though there are probably no more of them than would be made by an English critic studying the same subject in France.

The important point (gratefully noted, I may add, by one occupied for many years with cultural relations, only too familiar with entrenched prejudices on both sides of the Channel), is that French critics are now willing to praise our singers and the methods that have produced them, and to admit concern about the situation in France. Whether they are correct in their analysis of what is right here and wrong at home is a different matter. The admissions are made, and made generously. The days of ignorance and incuriosity about musical life in the foggy islands across the water are passing.

Elizabeth Hall

Kite & Ferguson

by DOMINIC GILL

Christopher Kite and Robert Ferguson are a young piano duet team who have established themselves with remarkable success, as well as remarkable speed, on the London musical scene. Their recital on Friday evening was nearly sold out and it was not difficult to understand why. Really good, evenly-matched piano duos are rare. At their best, Kite and Ferguson are a kind of duo rarer still—so well balanced, unanimous and keenly synchronised, that from time to time one can do what is usually impossible: forget there are two pianos on the stage, listen to both as a single instrument.

They began their programme with Stravinsky's own four-hand keyboard version of *The Rite of Spring*—given here on two pianos instead of one, with certain "modifications" (chiefly fillings-out of texture). There must always be certain qualities of the original which arrangements, like translations, fail to catch. No transcription of the *Rite* could hope to reproduce the breadth of its orchestral canvas, the irreducible Stravinskian mix of instrumental texture, light and shade. Any arrangement, for two pianos especially, must sacrifice some of the subtler rubati with which a conductor can shape the music, in search of the fairly strict tempo necessary for synchronisation.

But the arrangement is all the same a marvellous ground-plan of the music: knowing the score, one can re-live most of its delights. Remarkable above all to discover how easily, after a little while, one can suspend disbelief—and hear in the mind's ear as it were a ghost of the orchestral original: but new, fresh-minted. And hear, even, as if for the first time, the essence of a particular passage or texture: the inner structure, how it works, how it is made. Kite and Ferguson's performance was delivered with great enthusiasm, and fine precision—every part placed with care, exactly weighted. The finale particularly was very exciting, bright and brilliant, urged on by strident piccolo squeals.

Their second half was lighter and more intimate: a gentle, stylish account on one keyboard of Ravel's *Ma Mère l'Oye* suite, exuberantly capped on two pianos by Milhaud's *Scaramouche*. And for a finale, vintage Americana: Gregory Stone's arrangement of Gershwin's *An American in Paris*, an intriguing, rather than a truly evocative, sketch of the music, thrown off nonetheless with admirable panache; and an arrangement for four hands by Ferguson himself of a splendid Billy Meyerl blockbuster, *Railroad Rhythm*.

Royal Academy of Music

The Consul

by ELIZABETH FORBES

The theme of *The Consul* is as relevant to-day as it was a quarter of a century ago when Menotti's opera was first heard. Indeed, it can now be seen that the twin evils condemned by the work, political tyranny and bureaucracy, are two sides of the same coin. But the emotional climate has changed since 1950; people are less idealistic, more realistic. The motives behind John Sorel's actions remain admirable, but his exposure of mother, wife and child to the mercy of the secret police looks like criminal negligence, while Magda's emotional outbursts in the Consulate no longer seem the best way to obtain a visa for a neutral country.

That the purely theatrical impact of *The Consul* is as powerful as ever was demonstrated last week when the Royal Academy of Music gave three performances in the Duke's Hall. The production, supervised by the composer/librettist himself and designed by Mark Wheeler, was scaled to the small platform stage, with an ingenious set for the Sorel apartment that turned inside out to become the Consulate waiting room, or expanded to allow for Magda's gas-induced hallucinations. Menotti's infallible dramatic instinct extends to the direction of singers, and his magic wand evoked an astonishingly mature and homogeneous response from the student cast.

Christine Taylor sang Magda's music in strong, steady tones, with complete but controlled involvement in the part. The nearer Magda approached hysteria, the more firmly Miss Taylor reined in the emotion, gaining her reward in a spontaneous ovation after the second act scena "What is your name? Your age?" It was a most impressive feat for a soprano in her early twenties. Equally good was Lesley Garrett as the Secretary, a role that has also altered in perspective with the years, becoming more sympathetic. The girl does her best with the means at her disposal for the people in the waiting-room, and if those means are inadequate, it is scarcely her fault.

Miss Garrett's bright, self-possessed and reasonable manner only cracked when the sacred neutrality of the Consulate was violated by John Sorel's arrest, but her basic good intentions were never in doubt. Richard Suart infused life into Sorel (the only two-dimensional character in the opera) and Nicola Lanzetter made an impressive, stoical figure of the Mother. Kevin Hughes performed his conjuring-tricks with aplomb as Magadoff the Magician, while Clare Moll was a convincing Vera Boronel—the one applicant whose documents actually come through. Marcus Dods conducted the Academy orchestra, taking care never to overwhelm the singers but lending them, when necessary, solid support.

John Curry for the Palladium

John Curry will play an eight-week season at the Palladium in his own ice-show, opening on July 9, after a month's season at the Bristol Hippodrome. The show will use a larger stage area than Mr. Curry's former show at the Cambridge, a larger company and a bigger orchestra in the pit.

Orange Tree, Richmond

The Memorandum

by B. A. YOUNG

The Memorandum is Vaclav Havel's best-known play in this country. It has been broadcast on radio and twice on television; yet this production is, surprisingly, the first on the English stage, and also the first of an uncut text.

The eponymous memorandum is found in his mail by the managing director of a business organisation. It appears to be gibberish, but his deputy explains that it is in a new synthetic language called Ptydepe, invented to eliminate ambiguity in inter-office communications.

Havel is a convincing philologist, and we hear a lot of spoken Ptydepe during the evening, spoken moreover with understanding by the company. Two of its basic principles are these: to use totally different words to indicate the slightest difference of meaning (as in some African dialects; I am told the Kipsigis have 32 words for "cow"); and to make the order of the letters in words as improbable as possible and so avoid the likelihood of duplication.

Ptydepe plays havoc with office routine. The managing director sinks lower and lower in the hierarchy while his deputy replaces him with dictatorial authority. Ptydepe classes occupy the staff, and a translation centre replaces the accounts department, relegated to the cellar.

Progress falters when most of the staff prove unable to learn the language and a buzz begins that it is "based on doubtful principles"; whereupon with stylish dramatic symmetry, Havel reverses the current. The managing director, reinstated at his desk, reflects how lovely it is to have everything exactly as it was.

But nothing, his sinister deputy warns him, can ever be exactly as it was. Sure enough, there comes another memorandum introducing another synthetic language constructed on a different principle. Where a new idea has blazed a trail, the way will always be open to further ideas, no matter how much you would like to close it.

Sam Walters, the director, identifies Ptydepe specifically by giving all his Ptydepists a red emblem to wear; but the politics and the philosophy, presented with the gentlest humour, are of universal application. From what I know of Czech writing, the play seems to me characteristically Czech; lovers of Capek and Hasek will feel at home with Havel immediately.

The translation by Vera Blackwell shows a telling familiarity with office jargon from manager's desk to typist's desk. It is most ably performed by the company; Havel runs a risk by pursuing his theme single-mindedly for two hours and a half with the merest hints at sub-plots, but the interest never runs down. The production continues until April 11, nightly except Sunday, April 3, and Mondays other than the final one. It should not be missed.

Sadler's Wells

Alceste

by MAX LOPPERT

Daffodils and crocuses push their way up in the parks; in the opera houses, rarer blooms are making March a more than usually invigorating month for the opera-goer. The second instalment in the season of student opera was a revival (in English translation) of Lully's *Alceste*, in the staging by William Chappell that first won admiration at the London Opera Centre's Commercial Road auditorium in 1975. Transferred to a more conventional stage, the production still proved a delight, and proved, too, that Lully is revival-worthy beyond the confines of Historical interest. Indeed, it would be sad to think that this elaborate and inventive show, with faults but also with a good deal of verve and imagination, were to disappear forever after these two performances on Friday and Saturday.

That Lully, measured by the achievements of Monteverdi and even Cavalli, on the one hand, and by those of Rameau, on the other, was a limited composer of operas, "plain" after their greater diverse resources of colour, dramatic vocabulary, musical technique, is hardly to be argued. That, within his means, and even at this comparatively early point in his theatrical creativity (*Alceste*, of 1674, was his second *tragédie lyrique*), he possessed the authentic theatrical knack, the gift of fusing word and music into drama, seems to me now equally unarguable.

His "curtains" are invariably effective; his comic efforts are diverting; his spare vocal lines are controlled by foresight and taste; and if some scenes go on too long for modern tastes, it was hard to know whether this was not the relative effect of the pruning (admitted, and necessary in non-festival conditions) in Lionel Salter's edition. In the plain, powerful effect of the chains of thirds in which Admetus and Alcestis take their farewells — an effect powerful because restrained in use and apt in context — we learn much about the notion of *bon goût* of the 17th century. Unresolvable paradox, that the man who founded the French lyric theatre, in all its nobility and grandeur, should have been such a monster as Lully!

Mr. Chappell's taste, and that of his co-designer David Myerscough-Jones, were not always above the reproach of whimsy (the battle ballet gave a new twist to the phrase "soldiers in skirts"); their guiding principle, that the evening should move lightly, should be illumined by fantasy, charm, and stage pictures of endearing, pastel-tinted prettiness, more often than not silenced reproach. It was asking much of still-nascent opera and ballet performers to essay so sophisticated a style of movement—strangely enough, the men in the cast caught on more securely than the women.

The weakness of Friday's performance, apart from the stiff-jointed musical direction by James Robertson, was likewise in the female singing: only Claire Powell's Alcestis showed signs of proper schooling, and others showed marked signs of its absence. Mostly gruff, sturdy voices on the male side, from which two shone: John Farnsworth, calming the waves at the end of the first act in a baritone of firmness and some individuality; and, as Admetus, the frank, natural, bonny tenor of Adrien Martin, admired in the Nottingham *Masaniello* earlier in the year, even fresher and more appealing here.

Welsh National Drama in danger

The Drama Panel of the Welsh Arts Council is to recommend that the grant to the Welsh National Drama Company for 1977-78 should be halved to £80,000. The Company believes that this would virtually put a stop to their activities as a national company, and they are to put their case to the Council to-day.

There are only a handful of theatres subsidised by the Welsh Arts Council, and the recommendation would leave a considerable sum for redistribution. It is believed that this is to be divided in penny packets, including subventions to the University theatres, but nothing will be known for certain until the Council meets on Tuesday.

Meanwhile, Equity is to meet the Council to-day, and its national council will meet tomorrow to consider such decisions as the Welsh Arts Council will promulgate. They have asked the Welsh TUC for support.

Verdi's Requiem in York Minster

On Passion Sunday, March 27, all the nine independent Quaker schools in this country will combine their choirs for a concert in York Minster. They will form a chorus of about 400 to perform Verdi's *Requiem*, with professional soloists Patricia McCarry (soprano), Bridget Bertlam (mezzo-soprano), Edmund Bohan (tenor) and Emyr Green (bass) plus an orchestra of 82 players. The conductor will be John Hastie,

OVERSEAS NEWS

Chilean foreign investment decree

By Robert Lindley

BUENOS AIRES, March 20.

THE CHILEAN military junta led by Gen. Augusto Pinochet has published a new decree-law to encourage foreign investment. The law provides that foreign investment should be treated on exactly the same basis as domestic investment, and allows foreign investors "to transfer abroad their capitals and the liquid profits with no limitations whatever."

The new measure comes five months after Chile's withdrawal from the Andean Pact, whose five members—Peru, Bolivia, Ecuador, Colombia, and Venezuela—allow only 14 per cent. of profits to be remitted abroad.

The foreign investment committee already in existence will be the only State body charged with accepting foreign capital investments. In future it will be made up of the Ministers of economy, foreign relations, treasury, national planning and—for each individual case—the minister of the area in which the investment is to be made.

Meanwhile, President Augusto Pinochet in a nation-wide radio and television speech has, without fixing a timetable, announced the formation of a "legislative chamber" and new political parties. A week ago General Pinochet dissolved the only remaining political parties, although all three were "in recess." One of these was the Christian Democratic party, the largest single political grouping in Chile.

General Pinochet said the new parties will be merely "currents of opinion and not groups which seek to retain power for their own benefit." He added that the traditional political parties conform to "structures, leaders, customs and mentality . . . of an institutional regime which is definitively dead."

PLO leadership given free hand on going to Geneva

BY ROBERT GRAHAM

CAIRO, March 20.

THE PALESTINE National Council to-day approved a 15-point political declaration that gives the PLO leadership a free hand to decide on whether or not to attend a reconvened Geneva peace conference. The declaration's wording is tough but at no point does it reject the possibility of a negotiated settlement.

It was approved after eight days of talks and a session into the early hours of this morning by 194 votes, with the hardline Popular Front for the Liberation of Palestine (PFLP) voting against.

There were abstentions but their number was hard to guage since several delegates had already left Cairo.

Those who voted in favour included members of the Iraqi-backed Arab Liberation Front and the two divisions of the Popular Front general command, according to a PLO spokesman. This reinforces the feeling that the Rejection Front, of which the ALF was an important element, has suffered some defections and the PFLP has been more isolated than in previous council meetings.

PLO leader Yassir Arafat has been able to rally the majority to his more pragmatic approach to solving the Middle East conflict.

Despite the seemingly defiant tone of the declaration, informed sources said the door had not been closed on PLO acceptance of a negotiated settlement, nor on the idea of a Palestinian mini-state. Rather they say that the PNC was playing tough in public simply to ensure the best possible bargaining position vis a vis other Arab Governments, the U.S. and Israel.

There are three key elements in the declaration which distinguish it from the positions taken at the twelfth council session in 1974. Firstly it adopts deliberately vague language on the vital question of negotiations for a Middle East settlement.

The final point in the declaration states that the PNC reaffirms the right of the PLO to "participate independently and equally in all international conferences and efforts dealing with the Palestinian cause and with the Arab-Israeli conflict in order to achieve the inalienable rights of the Palestine people as mentioned in the General Assembly Resolution 3236."

Contained in this vague language is the authority, delegated by the council to the PLO Executive Committee, to use its discretion to negotiate, according to highly placed sources. This is a major departure.

Secondly the declaration in its twelfth point adopts new language to define the objective of the PLO. It says "the PNC decided to continue the struggle to restore national rights to their people, foremost amongst them their right to return and to self determination and to establish their national independent state on their national land." This is to be regarded as acceptance of a Palestinian mini-state, according to some sources.

The third new element is the unusual emphasis placed upon continued contacts by the PLO with non-Zionist Israelis. The 14th point in the declaration states "The PNC reaffirms the importance of relations and contacts with progressive and democratic forces inside and outside the homeland who stand against Zionism and its ideology."

This is the most explicit endorsement so far of such direct contacts, which could play a major role in future negotiations. It was also an issue upon which the PFLP was violently opposed to the declaration.

This said, however, the Palestinians have not gone as far as some had hoped. They have rejected amendment of the Palestinian National Charter which calls for the establishment of a democratic secular state in all of Palestine. They have also decided against the formation of a government in exile.

UPI adds: The Palestine National Council to-day elected a new 15-man executive committee, headed by Yassir Arafat. Only four members of the outgoing committee, elected in May 1974, were changed. The Popular Front for the Liberation of Palestine, which opposed the new PLO political platform, refused to be represented on the new leadership.

THE FIGHTING IN ZAIRE

Invaders fall back, says Mobutu

KINSHASA, March 20.

ZAIRE government forces have inflicted "heavy losses" on the forces who invaded Shaba Province—formerly Katanga—and have retaken the strategic town of Kasaji, according to President Mobutu Sese Seko.

According to Zaire Radio, Government forces were to-day continuing to advance with air support, but the invaders still held the Kapanga, Esandoa, Kitenge and Ditoa areas.

President Mobutu said that the invaders believed to be Katanga militiamen who had fled to Angola in 1963 after Moise Tshombe's abortive secession bid, "fled (from Kasaji) in panic leaving behind them important losses in men and materials."

"If the Zairean forces have not yet succeeded in chasing the enemy out of the country it is because the enemy have used the local population as a rampart against our attacks," he said. "But we have now adopted their method of combat."

There have been reports that the population of Shaba province, which is about 850 miles south-east of Kinshasa, had welcomed the invaders and hailed them as liberators.

Some reports said the invaders had distributed food to local villagers to win their allegiance. Diplomatic sources believe many of the invaders, of whom there are thought to be about 1,500, had lived in the area before the failure of Mr. Tshombe's revolt.

The aim of the invaders was "to hurt the Zairean economy," President Mobutu said. Shaba province produces 7 per cent. of the world's copper and about half of Zaire's total exports. UPI.

No copper shortage threat

BY PAUL CHEESERIGHT

CONCERN ABOUT the possible threat to mineral supplies from the Shaba area helped to provoke a £33 a tonne rise in the London Metal Exchange price for cash copper wirebars last week. At £902.5, the price was the highest since the beginning of August.

But although nearly all the copper produced in Shaba—the source of most of Zaire's mineral wealth—is sold in Europe or Japan, there is at present no shortage of international supplies, and in the short term at least any troubles in Zaire are unlikely to have much impact in world copper markets.

The mines are largely owned by the State corporation, Gécamines, which in 1975 produced 463,448 tonnes of copper. Statistics for 1976 are not available, but it is likely that output was somewhat higher, given the partial recovery in world consumption.

But ever since the international economic downturn began in 1974 world mine production has been outstripping consumption and vast stocks have been built up. There are over 615,000 tonnes in London Metal Exchange warehouses, or some 45,000 tonnes more than Gécamines' targeted production in 1979.

Apart from causing temporary difficulties for contracted consumers therefore, there are plenty of supplies available to make up for any halt in the flow of production for export from Gécamines, for some months at the least.

But in the longer term, a breakdown in Zairean supplies would hasten the running down of the world stockpile, which in any case may be affected if U.S. copper workers strike later this year in support of negotiations for a new labour contract.

Although Zaire comes fifth in the world league table of copper producers, after the U.S., Canada, Chile, Russia and Zambia, most of the U.S. production, more than double that of Zaire's, is consumed domestically. Zaire is a major source of world supplies.

Planned production elsewhere would not necessarily much affect Zaire's importance. It too has expansion plans. Gécamines is in the middle of the second phase of a programme to raise production to 570,000 tonnes by 1979.

Independence for Djibouti fixed for June

By Robert Mauthner

PARIS, March 20.

THE FRENCH Red Sea Territory of the Afars and the Issas (Djibouti) is due to become independent on June 27, following a referendum and general elections to be held on May 8, under an agreement reached here yesterday after three weeks of difficult negotiations between the French Government and some of the territory's main political leaders.

The agreement, however, is precarious. It was concluded in the absence of M. Barkat Gourad, the leader of the majority group in Djibouti's parliamentary assembly, as well as of the delegation of the Liberation Front of the Somali Coast.

Aegean tension

Tension between Greece and Turkey mounted again to-day, this time over yet another series of Turkish manoeuvres in the Aegean which Greece considers an abuse of Turkish rights and a threat to international navigation and air traffic in the area, our Athens correspondent reports. According to an authoritative source, some units of the Greek navy and air force have been placed in a state of increased preparedness and the Greek air force will be patrolling the Aegean to see there is no violation of Greek air space and territorial rights. The new spate of tension is likely to affect prospects for a settlement of the disputes between Greece and Turkey over territorial rights in the Aegean, talks on which were to resume in Paris late this month.

Congo arrests

Radio Brazzaville said on Sunday that Congolese President Marien Ngouabi's assassins were "killer pawns" of the ruler he deposed eight years ago, and has demanded "blood" in retribution, UPI reports from Kinshasa. The radio, monitored in Zaire, said former President Alphonse Massamba-Debat and "many others" had been arrested and were under interrogation by the 11-man military council that took over after the assassination and failed coup on Friday.

Dr. Castro to visit Zambia

BY OUR OWN CORRESPONDENT

LUSAKA, March 20

DR. FIDEL CASTRO, whose policy in the Angolan civil war came in for harsh criticism here, is expected in Lusaka this week for a three-day visit, possibly the result of an eleventh-hour initiative by the Cuban leader himself.

His arrival is seen as part of a combined effort by Cuba and the Soviet Union, whose President, Mr. Nikolai Podgorny, is coming to Zambia later in the week.

During his visit, Dr. Castro is likely to be pressed for his version of the situation in Zaire's Shaba province to the north, where President Mobutu has accused the Cubans of leading an invasion of mercenaries from Angola. The Luanda government has denied that the ex-Katangese gendarmes went on the warpath from Angola.

The Zairean troubles are too close to Zambia's rich and potentially volatile copperbelt for comfort and there are also the first glimmerings of apprehension here that Shaba province could become another Angola. The Sunday Times of Zambia, owned by President Kaunda's own party, pointedly ran an unsigned article to-day that underlined the speed with which the Cubans had come to President Mobutu's aid, and the risk of other powers propping up the invaders.

The arrangements for Dr. Castro's visit are confused. Cuban flags appeared yesterday in Lusaka, but no-one would say, whether the Cuban president was coming or not.

Zambian officials to-day said he was arriving for sure on Monday or Tuesday, but the Cuban embassy spokesman watched Zambian officials carting flags and photographs of premier Castro away, and said no-one had told him what was going on.

The announcement of his visit has caused some surprise. Although President Kaunda has signalled a post-Angola war detente by receiving President Podgorny and announcing his first visit to Angola, a Cuban opening had been viewed as unlikely.

Bonn reviews atomic energy needs

BY NICHOLAS COLCHESTER

BONN, March 20.

THE BONN government this week presents its revised estimates of how much atomic generating capacity West Germany will need by 1985. This follows savage clashes on Saturday between police and radical groups on the site of an atomic power station at Grohnde in Lower Saxony, in which 300 people were injured.

Saturday's demonstration started peacefully in a village close to the planned power station, but quickly turned ugly as busloads of demonstrators from all over Germany converged and were spurred into assault by extreme groups.

These came equipped with wire- and bolt-cutters, ropes, grappling irons, aluminium foil kites (to block police radios), and even flame-cutting equipment, showing that more than a demonstration was planned. Grohnde was soon a battlefield like Wyhl and Brokdorf before it.

Following the clash Government sources stressed that Bonn remained convinced of the need for nuclear power in West Germany. Whether it would get round to discussing the newest revision of the energy plan—which will establish a quantitative framework for nuclear policy—in the Cabinet on Wednesday had become uncertain, however.

Despite the seriousness of this question, it is currently overshadowed by the "bugging" scandal that has just broken in Germany. The news that suspected terrorists have been bugged while talking to their defence lawyers has implicated every political party, and plunged Bonn into a crisis of political conscience that will take days to sort out.

The nuclear question is now serious because in the wake of a court decision in Freiburg last week even atomic power stations under construction now seem vulnerable to court action.

The court removed the construction permit for the Wyhl station because it felt that pressurised water reactors should have their main reactor vessels encased in a six-foot thick wall of reinforced concrete to provide added strength against a blow-out.

Such a wall would add an estimated DM200m., or around 10 per cent., to the current cost of a 1,400 megawatt nuclear station.

This court decision put up a second legal hindrance to the German nuclear programme, following the court decision in February to halt construction of the Brokdorf nuclear power plant. This earlier decision was based on the thesis that new atomic power plants should not be permitted until the reprocessing and burial of West Germany's nuclear waste is provided for.

This principle was stressed at State meetings of the Free Democrats and Social Democrats this week-end. The Technology Minister, Hans Matthoefer, meanwhile conceded that the case for additional "burst protection" would have to be carefully examined, and that Germany would "probably have to reckon with less atomic capacity."

West Germany is already reckoning with less: it is reported that this week's energy plan will show the need for less than 30,000MW of nuclear capacity by 1985, where the previous plan was counting on between 45,000 and 50,000MW.

The question now is whether the 30,000MW can be achieved. More pressing than the long-term prospect of an "electricity gap" is the employment problem in the nuclear and electrical industries. The chairman of Brown Boveri, Dr. Hans Goehringer, claimed last week that the Wyhl decision had jeopardised 80,000 jobs.

WORLD TRADE NEWS

Troubled Cuba waits for the U.S.

BY ROBERT DEL QUIARO

MANAGERS of companies in hard-currency areas who may be contemplating a response to a recent Cuban invitation to take part in joint ventures on the island with the Cuban Government are viewing the prospect warily, in view of the present disruption of the Cuban economy.

The fact that the unprecedented invitation has been made underlines the shortage of investment funds in Cuba. However, the invitation exists only in the most general terms and the novelty of the departure for the Cubans, combined with the caution of foreign companies, will probably rule out any joint ventures before next year.

Moreover, many would-be participants from outside Cuba will be disappointed that exploitation of nickel is to be reserved for Cuba and the USSR. It may well be that copper (exports within Comecon should exceed 1m. tonnes this year for the first time) and cobalt will be similarly restricted.

The disruption of the economy has been basically caused by the fall of sugar prices on the world market, and by rises in prices of raw materials and capital goods which Cuba imports.

In November, 1974, the spot price for sugar in New York touched a record 65 U.S. cents per lb., but was down to about 8 cents in the latter half of 1976. This decline pulled the ground from under Cuban planners as they were estimating national income and expenditure for the 1976-80 five-year plan.

Although the Cubans were not counting on the price of sugar—of which the country produces more than 5.5m. tons in a good year—staying near the record level, they were not reckoning on such a drop. The continued inflation of prices of imports from hard-currency areas has also upset their calculations.

Cuba wants to revise its purchasing commitments and is asking suppliers for cancellations and postponements of orders. Cuba's main hard-currency trading partner, Japan, has been hardest hit and is under the strongest pressure from Havana for an accommodation.

Some 300,000 tonnes of goods worth about $150m. are stored in Japan awaiting shipment to Cuba. Japanese suppliers have been demanding $4m. from Havana to cover insurance, warehouse fees and the like. A Cuban request, that Japanese deliveries due to be completed by this month be spread throughout this year, is still under discussion.

EXPORTS TO CUBA BY NON-COMECON COUNTRIES

($m., fob)	1973	1974	1975
Japan	107.8	202.7	439.4
Canada	81.8	146.8	217.3
Spain	38.1	62.1	176.7
West Germany	32.7	114.0	125.5
France	28.8	81.7	106.3
Italy	21.8	62.3	92.6
Britain	42.9	56.2	82.3

Contractors in other important supplier countries are being approached severally by Cuban officials, by contrast with the negotiations at Ministerial level with Japan. More than 200 British companies are caught in the wash of Cuba's troubles, with goods worth between $10m.-15m. involved.

Small manufacturers, who have made to the specifications of Cuban importing agencies items which cannot readily go back on the shelf, are particularly frustrated. Canadian suppliers, who are mostly sellers of agricultural produce, have tended to escape.

Cuba has withdrawn from the world sugar market until August, and the traditional earner of currency to meet obligations of this kind is unreliable, not only because world prices are low. Recurrent motives for withdrawal from the market—bottlenecks in Cuban ports and the need to meet the sugar needs of the Soviet Union, the main customer—are valid at present, and are reinforced by reported frost damage to the Soviet beet crop.

But, further to that, drought followed by heavy rain is reducing the sugar yield from the cane harvest now under way in Cuba. There is speculation that it will yield no more than 4.5m. tons. Recent heavy Soviet purchases of sugar from elsewhere suggest that Moscow is snapping up some of the world surplus stocks while prices are depressed, although a poor 1976-77 Cuban harvest would be unlikely to lift them greatly.

Cuba would be glad of an end to the U.S. embargo on trade with the island. During the past 12 months, representatives of Boeing, Pepsico, Abbot Laboratories, Great Western United and other U.S. companies have been in Cuba discussing trade. It is likely that some U.S. companies have signed contracts with Cuba which would come into effect at a restoration by the U.S. and Cuban governments of commercial relations.

Prevarication and delay in Cuba because of the shortage of hard currency — allied to more abiding troubles like port congestion and a cumbersome bureaucracy — will continue to irritate foreign suppliers this year and well into next. However, outright default on contracted payments is highly unlikely.

The Cuban Government has insisted during the current crisis, as always, that it will maintain its record of meeting its obligations in hard-currency areas. There is no reason to doubt that the Cuban economy, to which the Soviet Union is the committed backer of last resort, will be able to draw on its productivity and direction to ensure creditor is paid, ev

But the reputation a payer on the nail much damage. Man can be expected Cuban use for foreig letters of credit wh valid when goods ar ship.

Such precautions ance because Cuban agencies are under to enter no new c in hard-currency lifting of this emba expected for at least Cuba is due to make of some $300m. this y currency creditors trade credits worth $500m., mainly in Eu rencies, and of other

There is much the Carter Administ U.S. business for to end. Cuba would to buy industrial equipment (particul exploration), compu cines and staple foo U.S. Trade in the tion would include coffee, citrus fruits

Sales to Cuba by sidiaries abroad of panies seem to running recently greater than those of country except the S and Japan. From Oc to June, 1976—the months in which Treasury licensed sa sidiaries abroad—per sales worth $293m. w The parent company but only the subs trade. About $177 $293m. represented cereals, mainly from

However, the cur problems have quiet lation in the U.S. bus that trade with Cub worth upwards of year. More realistic attractive, figures $300m. and $350m. suggested.

Ship talks in Paris this week

By John Wyles, Shipping Correspondent

THE EEC's attempt to reach an accommodation with Japan over respective shares of the world shipbuilding market will resume in Paris this week in an atmosphere of apparently mutual suspicion.

Much of the discussion at the Organisation for Economic Co-operation and Development to-morrow and on Wednesday will concentrate on the Japanese proposals for voluntary restraint which were tabled last month.

These provided for an increase in the prices of Japanese ships, subsequently fixed at 5 per cent. by Government directive, and an embargo on exports to certain European countries whose shipbuilding industries are suffering "exceptional difficulties."

During the talks in the OECD's shipbuilding working party, representatives of EEC governments will be seeking assurances that Japanese shipyards cannot evade the price rise directive. In addition, they will urge the case for a further increase to help bridge the 30 per cent gap with European ship prices.

The Japanese are likely to respond with a few grumbles about various shipbuilding subsidy schemes being introduced in Europe, the most recent being Britain's £65m. intervention fund. But in fact Japan and the EEC are now reaching a modus vivendi on shipbuilding.

For the time being the Europeans will moderate their charges that Japan's 50 per cent. share of the world market is "unfair" while Japan in return will not complain too strongly about subsidy schemes which will probably do no more than ensure that Japanese shipbuilding's world market share does not increase above 50 per cent.

However, this could be no more than a temporary lull in the argument. Japanese shipyards' current efforts to restrain their exports to Europe will almost certainly have to give way later this year to the need for a greater volume of orders to ensure that shipyard employment will not fall below targets set for 1978.

EMI and Hitachi in battle over scanners

BY CHARLES SMITH

TOKYO, March 20.

A BRAIN-SCANNER "war" has broken out between EMI, the originator of the machine, and Hitachi which produced its own version about a year ago and is now mounting an agressive sales campaign in Japan.

The EMI brain-scanner, a highly sophisticated apparatus for photographing layers of the brain (instead of taking a normal X-ray picture through the brain), was developed in the early '70s and sold well throughout the world before any rival machine appeared on the market.

EMI gained its first large Japanese orders (for 30 scanners) in late 1975 and now claims to have chalked up a total of 80 deliveries or firm orders, valued at about £20m. The total of 80 includes the more elaborate and expensive body scanner which was introduced after the original brain scanner.

Hitachi Medical Corporation, a 93 per cent. owned subsidiary of Hitachi, announced the prototype of its brain scanner in October 1975, just about the time that EMI was booking its first Japanese orders.

Hitachi's first sales were made early in 1976 and the company now claims total sales of 60. Hitachi is not yet competing in body scanners, but expects to have its model on the market by the end of this year. Hitachi's scanners are based on its own designs and technology not on licences obtained from western manufacturers.

The potential size of the scanner market as a whole could be more than £200m. and therefore well worth fighting for. Ultimately Hitachi and EMI will be fighting for a world market which could be many times greater still.

The chairman of EMI, Sir John Reed, recently in Tokyo, admitted that EMI was facing competition from Hitachi but claimed that the "superior clarity" of the EMI scanner's pictures gave it a decisive advantage.

He also announced that from the end of March EMI would be entering into a "long-term arrangement for continuous marketing" of scanners with Toshiba the major Japanese electrical company which is one of Hitachi's principal rivals.

Toshiba (which is already a partner with EMI in Japan's largest gramophone record company) has been acting as agent for EMI scanners since the first orders were obtained in 1975. Under the new arrangement it will not merely act as a selling agent but will also assemble machines.

EEC/U.S. moves ham

By John Edwards

A FORM of "guerill between the Europe Market and the Un is hampering progr multilateral tariff in Geneva, according issued by the Centr cultural Studies.

The report by Sir economist and advis affairs to the S. & W group, points out would be serious ri tariff negotiations if on agricultural issues to be impossible. eventuality there wi less be an increase in disputes with ao es retaliatory measures. aod EEC in each o cultural exports." it

The report point ou pite Europe's emph greater self-sufficiency the world's largest i food and feedstuffs, U.S. is still the large with its sales of products to the EE showing a surplus o But very deep differe economic philosoph systems of the U.S. have made it very find areas of agre agricultural trade.

*EEC trade relation U.S.A. in agricultural £2.25. Wye College, Kent.

Dull outlook for Swedish paper

By John Walker

STOCKHOLM, March 20.

UNCERTAIN prospects for 1977, EEC ceilings, continued Government policy of encouraging production for inventories and continued capital investment for pollution control are some of the main points outlined in the annual Swedish Pulp and Paper Association report.

There is, the report points out, considerable uncertainty concerning the economic development in 1977. More optimistic forecasts indicate a continued but rather slow economic recovery and paper consumption.

At the turn of the year the stocks of paper and paper products were probably normal at most stages of paper distribution and conversion as well as at the end users.

The report stresses that the indicative ceilings for Swedish paper exports to the Common Market were frozen at unchanged levels for 1976. To a certain extent this was done in a way which implied discrimination against Sweden.

The continued low market activity and the restraint observed by Swedish paper producers in their sales policies to EEC markets led to the result that in only four cases were the ceilings exceeded. In these cases the EEC Commission applied the Community outer tariff.

It is reasonable to foresee, the report says, that considering their long-term interest in export markets the Swedish suppliers during 1977 will have to assert more strongly their position in Western Europe as well as other market areas. This will be particularly relevant as regards the sales of market pulp.

Chance for dragline producer

Financial Times Reporter

THE DEVELOPMENT of open-cast coal mining in the western part of the U.S. has created new export opportunities for the only British-owned manufacturer of large walking draglines, Ransomes and Rapier.

This company, based in Ipswich and a subsidiary of Central and Sheerwood, has already announced a $15m. order for two machines from the U.S. and other orders are under negotiation.

The company, which also makes crawler cranes, dropped out of the walking dragline business in the mid-1960s because the market for this type of equipment appeared to be contracting.

In the last two years, however, the energy shortage has given a new impetus to open cast coal mining, especially in the U.S. where a decision last year by the Supreme Court removed one of the regulatory obstacles to the exploitation of Federally-owned coal deposits.

Ransomes and Rapier has received inquiries recently from Australia, South Africa and India as well as North America.

Dutch textile restructuring outlined

By Michael Van Os

THE DUTCH Economics Minister has announced in the Hague that there will be a new urgent restructuring study for the troubled domestic cotton, rayon and linen (CRL) industry.

The idea is similar to the recently announced proposals for the Dutch shipbuilding sector—the restructuring for the textile sector will entail forced mergers and acquisitions, a gradual major phasing down of capacity and the number of jobs, a process which will be accompanied by generous State financial assistance.

In a letter to Parliament, the Minister said that the cyclical recovery has developed extremely slowly in the textile sector, although turnovers increased, prices remained under "very severe" pressure with the obvious impact on earnings.

Coupled to this, the continued increase of cheap imports, also had an adverse impact on the industry where the number of people employed has dropped to well below 20,000 from over 25,000 at the end of 1973.

Contracts

● Brown Boveri of said that it had receiv of intent from the Government's electr firm CADAFE for Dm.93m. in equipmen country's largest ther plant. CADAFE Anonima de Admini Fomento Electrico) w Brown Boveri steam generator, condenser heating train in a 400 which is the third of CADAFE's Planta trico del Centro ne Cabello on the Carib

● Tarmac Internationa a contract to boost supply to the town of in the United Arab Em brings the total value secured by the Tarmac the area within the pa over £20m. The late worth almost £3m., an volve laying 34 kilor water pipes around the

● STE de Materiel de Electrique (NTE), a of Jeumont Schnei Creusot-Loire, said tha of a consortium it signe of intent to supply rol for the Rio de Janeir pre-metro system. A s said the order, expect confirmed shortly, is wo Frs.300m. and invo supply of 68 tram-type

World Economic Indicators

RETAIL PRICE INDICES

					Change on year earlier %
	Feb. '77	Jan. '77	Dec. '76	Feb. '76	
W. Germany	142.9	142.0	140.7	137.8	3.7
U.K.	174.1	172.4	168.0	149.8	16.2
U.S.	177.1	175.3	174.3	167.1	6.0
Holland	176.7	175.3	175.8	164.6	7.3
	Jan. '77	Dec. '76	Nov. '76	Jan. '76	
France	174.3	173.8	173.2	159.9	9.0
Belgium	164.2	161.3	160.5	151.3	8.5
	Dec. '76	Nov. '76	Oct. '76	Dec. '75	
Japan	113.6	112.4	112.4	102.9	10.3
Italy	218.8	216.1	211.4	179.2	22.0

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Harland set to land gas carriers order

Y ROY ROGERS

land and Wolff, the State-rolled Belfast shipyard, s set to gain a much-led order for two gas iers.

ell, which has negotiated ontract to transport North gas from the Brent field-he U.S., has been looking epanese and British yards a view to placing orders two 70,000 cubic metre oleum gas carrying vessels. dications are that Harland line for the orders. They d almost certainly qualify some financial assistance the Northern Ireland e which has at its disposal intervention fund along ines of the £65m. fund an-ced recently for the ilder of tha U.K. ship-ling industry.

In common with just about every other U.K. shipyard, Harland is suffering as a result of the dearth of orders caused by world-wide over-capacity. In many cases widespread redundancies are anticipated beginning later this summer unless new orders are forthcoming.

Harland, which has undergone a massive modernisation programme geared primarily to the now-depressed supertanker market, has sufficient orders to keep the bulk of its 9,500 workers occupied until the middle of next year, although the research and design teams will be without work well before then unless new orders are won in the very near future.

In view of the depressed state of the tanker market, Harland has been investigating ways of diversifying and specialist vessels such as gas and timber carriers have been high on their list. Ironically it was Harland and Wolff that pioneered construction of ocean-going natural gas carriers in 1964.

The Belfast yard's last order was over two years ago, since when a tanker order placed by the ailing Israeli-American company, Maritime Fruit Carriers, lapsed a few months ago.

The possible Shell order, which is expected to be worth over £50m., will help stave off the prospect of redundancies which threatens to sour relationships elsewhere in the industry.

Definition of private company may change

By Michael Lafferty, City Staff

A SIGNIFICANT change in the 1948 Companies Act, involving a new definition of private companies, is being considered by the Department of Trade.

The Department is thinking of dropping the requirement that a private company must, among other things, limit the number of its shareholders to 50, in order to make it easier for existing public companies to convert to private status.

The move arises because of the Second EEC Company Law Directive, approved in Brussels last December, which will necessitate upwards of a dozen amendments to the U.K. Companies Acts within the next two years.

Although most of these are of a technical nature, two are of particular importance.

The first will require public companies to have a minimum capital of about £16,000, and unless this is achieved within three years existing public companies will have to revert to being private.

It is in order to relieve companies such as housing associations, which are likely to want to become private rather than increase their capital, that the Department is considering dropping the rule that private companies cannot have more than 50 members.

If the amendment goes through, a private company would be defined as one which restricted the right to transfer its shares and prohibited any invitation to the public to subscribe for its shares and debentures.

The second major amendment to the Companies Acts will involve a change in the names of either all public or all private companies, by including some designation of their status in their titles.

The Department of Trade is thought to favour changing public company names.

Builders fear cash problems under new tax scheme

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CONSTRUCTION industry still expects the impending introduction of the Government's tax deduction scheme to cause widespread chaos, despite an eleventh-hour concession from the Inland Revenue.

Under the scheme, which comes into effect on April 6 and is designed to eliminate lump labour from the building industry, sub-contractors must accompany their payment application to a client with a tax certificate issued by tha Inland Revenue. Main contractors will also be included when undertaking local authority work or any sub-contracting project.

The certificate will be issued only after the company's tax affairs have been examined by the Inland Revenue and found to be in order. If, after April 6, a sub-contractor is not in possession of a 714 certificate, then the client is obliged to deduct 35 per cent. from the account—excluding materials—in lieu of tax.

Despite warnings from the industry that the introduction of the scheme will cause serious cash flow problems for many contractors, some of whom have only just applied for their certificates and others who will have not received them from the Inland Revenue in time, tha Government has refused to postpone the starting date.

However, after representations from the National Federation of Building Trades Employers and local government bodies, it has been agreed that sub-contractors whose applications have been approved but who have yet to receive their certificates can use a letter confirming this and supplied by their local tax inspectors as evidence of their tax status. They will, as a result, be paid gross by contractors and local authorities.

The federation claims that, so far, about 200,000 certificates have been issued and another 12,000 applications have been approved, although the certificates have yet to be issued. They say that at least 25,000 more applications have yet to be approved.

The builders say that, even given the latest concession, the scheme's introduction will lead to "inevitable chaos" immediately after the introduction date. They also believe that the future of many contractors could be at risk if their tax records do not meet Inland Revenue requirements precisely. In the time taken to put records straight, they say, companies could be forced out of business if 35 per cent. of their revenue is deducted at source.

The Electrical Contractors' Association, whose 2,400 member companies will also be covered by the new legislation, claims that the scheme threatens to put some companies out of business, not for any failure to meet Inland Revenue tax requirements but because of a clause which insists that the tax certificate must in nearly all cases be presented in person each time a claim for payment is made, by the nominated sole trader or a partner in the business.

On Friday, tha association fought a test case before a special tax tribunal on behalf of a North London electrical contracting company, Key Electrical Installations, which is faced with closure because of the new law. The owner of tha company is a 76-year-old widow living in a retirement home and, under the legislation, she would have to appear in person each time the company claimed payment from clients.

The Association, on behalf of Key Electrical, attempted to persuade the tribunal that power of attorney should be given to the company's manager but its plea was dismissed on the grounds that there was no authority for such an arrangement contained in the legislation.

The association said the company had "a consistently excellent tax record" throughout its 46-year life and the Inland Revenue had admitted in writing that it appeared the company would be an "innocent sufferer" under a scheme which had been made necessary by widescale tax-avoidance.

Advertising war on Laker Skytrain

By Kevin Done

BRITISH Airways has launched a major advertising campaign aimed at breaking down the developing image of Mr. Freddie Laker's proposed Skytrain service as the cheapest way to cross the Atlantic.

In the battle to provide cheap travel to the U.S. a number of misconceptions have grown up in the public mind, according to Mr. Gerry Draper, marketing director of British Airways.

Off-peak return

He said that for a "good part of the year" no airline has a cheaper return fare to the U.S. and Canada than British Airways and that for a family—defined as two adults and two children under 12—the BA fare is the cheapest throughout the year.

Mr. Laker said yesterday he was always intrigued when someone else paid for his advertising and pointed out that British Airways' statement failed completely to compare like with like.

British Airways' lowest ABC fare London-New York is £122, but this is an off-peak return fare and limits passengers to a particular length of stay. Skytrain will simply charge £60 London-New York single and $135 (£79) New York-London single.

'A' level exam in electronics

LORD MOUNTBATTEN, chairman of the National Electronics Council, yesterday backed a new GCE exam in electronics which involves sixth-formers' own hi-fi sets.

The Associated Examining Board has drawn up the syllabus for the "A" level exam, and the course aims to remove some of the mystique which surrounds the use of electronics. A pilot scheme is being operated at nine schools and colleges.

Jetsave allowed transatlantic flights

BY IAN HARGREAVES, INDUSTRIAL STAFF

JETSAVE, the low-cost, U.K. transatlantic travel operator, has been granted a permit to operate flights and tours from the U.S. to Britain. The decision, which came from the Civil Aeronautics Board with the endorsement of President Carter, ends an 18-month legal battle.

Jetsave's attempt to become the first British travel company to operate cheap services out of the U.S. had been opposed by Laker Airways, the independent U.K. airline, on the grounds that the Jetsave link with TWA breached U.S. anti-trust laws.

At the end of last year, an administrative law judge ruled that Jetsave's relationship with TWA was simply that of customer and supplier.

Mr. Reg Pycroft, Jetsave's chairman, yesterday predicted rapid expansion of his company's transatlantic business.

Jetsave will start advance booking flights from North America in time for the winter 1977-78 season. It expects to carry 50,000 passengers during the first 12 months.

Initially flights will be from New York, Chicago and Los Angeles to London, Manchester and Prestwick. The New York-London return fare will be $260.

ointer to orking f pay olicy

Peter Riddell, onomics Correspondent

INDICATION how the it stage of the pay policy king will be provided to-y. earnings figures for ry.

lence of strains on the stage target was provided previous month's figures, showed that average earnings by 5.4 per cent. in the ve months of the policy equivalent to an annual 13½ per cent., compared he Government goal of a about 7 per cent. for the o the end of July.

e have been no reported es of the policy. Last Bank of England rly bulletin suggested that e might have owed something to bigger overtime before usually long holidays over mas, late settlements, and yments under the first

y in the first stage average gs rose faster than d consistent with policy slowing markedly in the lf of 1976.

extent of the rise so far the strains of this stage, to some slippage and drift from movements ed workers. Consequently non-Government fore-have assumed an earn-se of at least 8 to 9 per n the year to July.

other major indicator this s the unemployment total March, due to-morrow. A drop in adult unemployed ported last month, down o 1.33m. The underlying increase has been much since late summer com-with earlier last year.

71.2m. rise National vings

hristopher Hill

NAL SAVINGS had a nonth in February accord-figures issued by the al Savings Committee, with h issue of National Savings ates taking most of the

e four weeks to February was a net estimated in-in National Savings re-of £144.7m. The accrued t of £36.5m. meant a total net increase of £171.2m.

Price rise closes ammonia plant

BY RHYS DAVID, CHEMICALS CORRESPONDENT

THAMES NITROGEN, an independent fertiliser supplier, has shut its plant at Rainham, Essex, because of continued increases in the cost of imported ammonia.

The company says that it has become impossible to compete against the dominant producer, ICI, which bases its production of ammonia, the raw material for nitrogen-based fertiliser, on very cheap supplies of natural gas under a long-term contract negotiated before the energy crisis.

Thames Nitrogen, part of Exchem Holdings, which also manufactures industrial explosives and other products, claims to be the fourth largest U.K. nitrogenous fertiliser producer after ICI, Fisons, and the Dutch-owned UKF, with 8 per cent. of the market, and about 20 per cent. in the South-East.

The decision, which may mean the loss of 150 jobs at Rainham, comes after the latest increase of £10 a tonne by the company's overseas ammonia suppliers, bringing the price to £70, treble that of four years ago.

The increase reflects pressure on ammonia-producers due to the rise in natural gas prices worldwide.

ICI is believed to pay only about 2p a therm for gas at its ammonia plants from the British Gas Corporation, about a fifth of the normal rate internationally.

As a result ICI has held down its costs and kept nitrogen fertiliser price of about £52 a tonne, compared with about £80 in European markets. U.S. Government price regulations have been a further reason for the widening gap between U.K. and overseas prices for finished fertiliser products.

Mr. Michael Strickland, marketing director of Thames Nitrogen, said yesterday that it was uneconomic to use imported ammonia to make fertiliser in the U.K., yet insufficient home-produced ammonia was available for manufacturers.

Chamber attacks new proposals on prices

BY KEVIN DONE, INDUSTRIAL STAFF

GOVERNMENT proposals for a new prices policy have been attacked by the London Chamber of Commerce and Industry.

It said in a memorandum to the Department of Prices and Consumer Protection that its members believed the Price Commission lacked the industrial and commercial expertise to operate the proposed new powers.

Members of the chamber were willing to accept some form of price restraint as the quid pro quo for pay restraint, but the proposed switch from allowable costs to a system of discretionary powers was causing great concern.

The present price code was regarded as being too rigid. Members had accused the Price Commission of being over bureaucratic and biased against industry. But the code did have the advantage that companies knew where they stood as regards the overall criteria of allowable price increases.

The new powers proposed for the Price Commission would lead to further administrative problems, the Chamber said. The proposals appeared to contain "no fetter" on the sort of information which would be required.

The memorandum called on the Government to be more specific about the level of profit margins which would be allowed. It pointed out that the return on capital in British industry was 5.4 per cent. and urged that the need for greater profitability must be recognised.

World communications policy change sought

BY CHRISTOPHER LORENZ

FORECASTING and planning of international telecommunications would improve if they ceased to be dominated by telephone administrations, and if multinational companies and organisations were allowed to play a greater part according to an article published to-day in the Telecommunications Policy, by an IPC Press quarterly.

The institutions and organisations which have functioned in the past to guide and manage international telecommunications are proving inadequate, according to Mr. William H. Read, a Harvard University fellow.

The main reason for this inadequacy is that telephone administrations throughout the Western world no longer dominate the provision of international telecommunications services, Mr. Read contends. Instead, there is a tendency for transnational organisations to operate their own international networks, with the traditional administrations doing little more than renting them circuits.

South East planning review criticised

THE COUNCIL for the Protection of Rural England said the review of the Strategic Plan for the South East, published four months ago by the South East Joint Planning Team, was little more than a stubborn refusal to change direction in the face of changed circumstances.

The study teams insistence on maintaining the 11 growth areas of the 1970 strategic plan ignored the population and economic changes which had occurred in the last six years.

Instead of increasing by 4.5m. by the end of the century, the South East's population was now expected to remain static or even decline. The unnecessary growth areas threatened to consume several thousand acres of food-producing land and were also threatening London.

The encouragement of emigration from London, was threatening to bleed the inner city areas of even more skilled labour and jobs, and was clearly at odds with the Government's commitments to the regeneration of inner urban areas.

W REPORTS

Depth (cms.) L U	State of Piste	Weather	°C	
... 45 220	Good	Cloud	-3	
130 180	Good	Snow	-2	
5 90	Good	Cloud	-4	
150 250	Good	Snow	-3	
30 280	Good	Fair	-6	
130 250	Fair	Snow	-1	
60 180	Good	Cloud	-3	

above reports were supplied by ... of the Ski Club of Great ...

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Markers easy to see in bad weather

ONE PROBLEM in night driving is that lane markings can become almost completely invisible in certain conditions, especially if they are covered by a thin water film in rainy weather. This mirror effect whereby the beams from the headlamps are reflected away from the driver's line of vision has proved hard to overcome otherwise than by installing banks of new and expensive roadside lamp standards.

A new type of road marker line has been developed and extensively tested in the Netherlands. It largely overcomes this mirror effect as has been shown by experiments with trial sections on a number of Dutch motorways.

The solid synthetic resin strip has a smooth section with corrugated ribbing mounted on the flat section at specific intervals. Rainwater is channelled off the ridges towards the road surface so that water does not collect on the marker lines while there is a high degree of retro-reflection.

Another effect of the ridging is that should the car swerve, the motorist will hear the change of sound as the tyres run along the ridges.

There is no problem in laying the material of the lines: a simple attachment has been devised which is easy to fit to most line marker machines.

Where noise controls are particularly stringent, a different type of ribbing can be used which, while still providing an acoustic signal, gives it at a much lower level so that the neighbourhood is not disturbed.

Patents have been taken out in major European countries as well as North America. The plastics material used has been developed specifically for extreme toughness and wear-resistance so that the marker strips will have a very long life.

The company which controls the patents is also interested in granting manufacturing licences.

More from Fabran Holding BV, Laan Copes van Cattenburgh 98, The Hague, Holland.

● HANDLING

Crane or loader

PREVIOUSLY MADE in Denmark, two versions of the Lyka hydraulic crane are now being built in the U.K., with maximum lifts of 3½ and 4½ tons.

They can be used as post cranes or can be fitted to trucks as lorry loaders. A variety of attachments is available, including timber, brick and scrap grabs.

The smaller version can lift over a ton at 17 feet radius, weighs less than a ton itself, occupies 21½ inch square of load space on a truck, and can reach 21 feet. The larger crane lifts a ton at 23 feet, weighs under 1½ tons, needs a 24 inch square, and stretches to 28 feet. The lift hook can be retracted to within a foot of the crane post.

Hydraulic power (up to 3,000 psi) is normally from a combined power-take-off and pump fitted to the vehicle's gearbox. A small diesel pack is available where power independent of the vehicle's engine is required.

The powered slew is 410 deg. on the smaller crane, and 375 deg. on the larger. The four-lever control is duplicated so that the crane can be operated from either side of the truck.

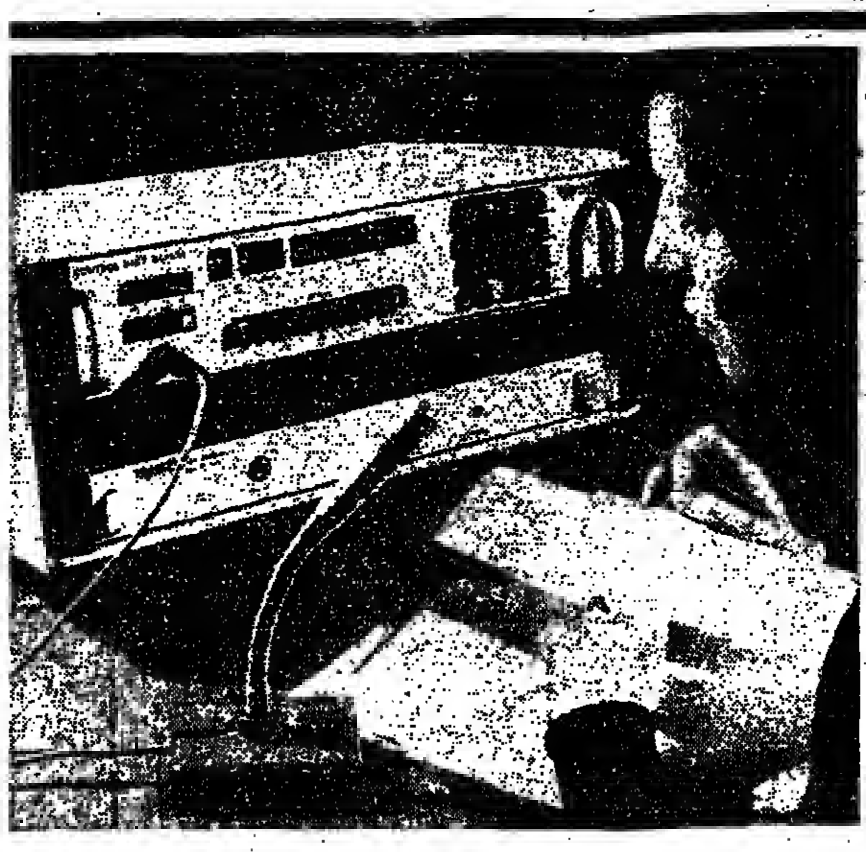
More from Lyka Cranes, 382, Blackpool Road, Preston, Lancs. PR1 1LX (0772 727927).

Gives men a lift

MEN CAN be carried to heights up to 26 feet by the latest mobile work platform devised by the Hy-Rider Division of Tasker and Booth.

Intended mainly for use in factories and warehouses the electrically driven unit is slim enough (it is under 5 feet wide) to travel through narrow aisles. It has a maximum speed of 9 mph.

Raising and lowering is controlled from the work platform which will carry 750 lbs. The unit is available from Hy-Rider's headquarters at 616, Mitcham Road, Croydon, Surrey CR9 3AD.



Remote control is provided from this compact unit to a new synthesised driver which will allow radio transmitters to be sited anywhere without what Redifon calls "unreasonable costs" and without any significant reduction in reliability. Full remote control is provided for up to ten transmitters, each with up to 15 programmable channels. Fast frequency changing and selection can be made in 100 Hertz steps within the frequency range 1 to 30 Megahertz. Automatic error detection and correction ensure reliability. Redifon Telecommunications on 01 874 7281.

● COMPONENTS

Shafts take the strain

KNOWN mainly for its activities in paper making machinery, turbo-engineering, multi-direction ships' propellers, and quality gear production, Voith of West Germany has entered the cardan (flexible) shaft market with a range aimed at the high power end of the business.

Smallest applications will be in the commercial vehicle field while the largest—39 inches in diameter and 8 feet long and weighing 17 tonnes—are intended for steel making and paper making machinery.

According to the German company there has been no really exhaustive investigations of the conditions set up when drives of this kind are subjected to continually reversing heavy torsional loads, nor of the effect on the life. Because of the uncertainty about the safety factor to be applied in these circumstances, users have, says the company, been prone to specifying more massive shafts than have actually been necessary.

Bringing more thoroughness to bear, Voith has developed a computer program enabling shafts of varying sizes to be assessed at the planning stage to determine load capacity under drive conditions.

One outcome has been the evident advantages of the design, which uses a solid one-piece bearing yoke plus welded pin and flange carrier. The plasma arc welding process used together with careful alignment of the parts have, it is claimed, overcome one of the main problems—failure of the weld under continual torsional reversal.

The company has also developed a testing process in which the shaft is oscillated at 16Hz and from which, after about 2m. reversals, it can be concluded (if no failure occurs) that the shaft will have an almost indefinite life.

So far as the user is concerned, the work means that a much better match can be made of shaft to application: the result will generally be a smaller shaft than would otherwise have been chosen with consequent space saving in the machinery, an initial cost saving of up to 20 per cent. and an increased lifetime into the bargain.

The shafts are in production at Voith Transmit GmbH in the Ruhr and are available in the U.K. from Voith Engineering, Thornton Heath, Surrey CR4 7JG (01 689 0741) and from Universal Drive Shafts of Litchfield.

● MATERIALS

Magnesia project

IRELAND'S BIGGEST industrial company is seeking planning permission for the establishment of a 100,000 tons-per-year seawater magnesia plant to replace the old cement works at Drogheda, Co. Meath, which is due to close this year when the Platin cement works extension begins operation.

The £12m. Cement-Roadstone Holdings says the proposed project is subject to a number of factors, including the successful outcome of negotiations with prospective partners and the Irish Industrial Development Authority. Detailed discussions are in progress with potential international partners who, apart from investing in the venture, would also purchase a large amount of the output.

The new industry would require a total investment of some £30m. from the partners in the venture. CRH intends to retain a controlling interest.

It is estimated that a workforce of 400 would be required during construction and 150 to run the plant. Contracts for the civil works and necessary services for the proposed new project would be handled in the main by Irish firms, thus adding to the employment potential in the area. These contracts are likely to total £12m. approximately over a two-year construction period.

● DATA PROCESSING

Big memory from Intel

LARGEST electrically programmable read-only memory (EPROM) to be made commercially available to date, the 2716, has been announced by Intel. Its capacity is 16,384 bits—twice the previous largest device.

Unlike earlier EPROMS which needed three different supply voltages, the 2716 requires only a single five volt rail. Compared with the eight kilobit memory it is four times as dense, consumes 20 per cent. less power (500 mW) and has about the same speed (450 nanoseconds).

But as a result of superior techniques in manufacture—for example passive oxide isolation—the chipsize is only 17 per cent. greater.

In addition, the 2716 is electrically and physically compatible with the company's 2316E mask-programmed read-only memory (ROM). Thus, once system operation has been proved with the 2716, the ROMs can be programmed and plugged directly into the same socket for production systems.

Intel is able to register one of the most rapid five-year growth records yet seen in the electronics industry. It can now hardly fail to be recognised as a leading technological innovator and has placed constant emphasis on production ability to back up the new designs. From a figure of $9m. only three years after the company started, turnover for 1976 reached $225m.

More from 4, Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

Redac move in Europe

ELESUD, in Froalnone, Italy, has been appointed as agent for Racal-Redac's computer-aided design systems.

The installation of the Redac mini PCB designer at Elesud's new factory is the final stage in providing a full circuit board design and manufacturing service for Italy's electronics industry.

It will have full demonstration facilities for evaluation purposes as well as providing service work to those companies requiring it.

The Redac package with its fully auto-interactive techniques, provides automatic routines for component placement, track routeing and checking combined with man-machine interaction via a graphics screen. Significant time and cost savings can be made with this system, enabling companies to develop products more quickly and profitably.

More from Racal-Redac, Newtown, Tewkesbury, Gloucester.

COMMUNICATIONS

Receiver makes its mark

LATEST addition to Racal's communications receiver range has won international orders worth £1.5m. within a few weeks of its introduction.

The new programmable synthesized communications receiver, the RA 1778, has been ordered by customers in seven countries in Europe and the Middle East. A "substantial" U.K. order has also been received from the Ministry of Defence (PE) for use by the Royal Air Force.

RA 1778 is a tuneable receiver with a built-in memory facility which may be programmed with up to twelve frequencies for rapid channel changes. These frequencies may be re-programmed from the front panel at any time. In addition to the programming facility the receiver may be tuned across the frequency range 15kHz to 30MHz by a three speed single knob tuning control.

Racal Communications Systems, Western Road, Bracknell, Berks. RG12 1RG.

● INSTRUMENT[S]

Lithograp[hy] aids in electronic[s]

DIRECT reading, ... exposure measurement ... trol instrumentation ... marketed in the U.K. b... Image Technology (... ing)—member of the ... Group. Developed in th... meet the requirements ... photolithography and ... polymer exposure, th... photometers give direct ... from continuous light ... and from pulsating light ...

The range of instrum... includes portable and ... channel sets as well as li... and digital monitoring ... tion control systems. A ... of sensors are availabl... spectral range 320 to ... metres, making the ... ideal for measuring ... trolling UV-sensitive ... and photoresistors as ... high-resolution emulsion... which are widely used in ... duction of electroni... ponents.

In addition to the ... MIT Engineering is also ... a range of UV light ... power supplies and ... integrators which ... designed for use wi... aligners used in the p... of semiconductors, ... employed for many oth... cations.

The company is at ... Industrial Estate, ... Derby DE8 4UB. 077...

CONTRACTS AND TENDERS

RESTAURANTS

هكذا من الأصل

THE CAMBRIDGE ECONOMIC POLICY REVIEW

Case that needs serious answer

BY ANTHONY HARRIS

WHEN LEACOCK once wrote ry in which an enthusiast d on to his horse and rode adly in all directions; and latest outburst from the ridge Economic Policy s body already regarded hostile suspicion by most mists, gives at first sight hing of the same frantic ession.

contrives to attack present recent policies, the International Monetary Fund, free the monetarist school of mics, the planning of public expenditure and even the ion Market in the space of ghly charged pages, and usly risks dissipating its in attacking on so many at once.

he review is overlooked on account, it will be more a pity: for some of the d arguments of Wynne and his group are both tant and generally misstood.

if unconventional conclu- arise from so unconven- approach to the whole m of policy analysis, so any of the criticisms made now have been directed to rong address: and their is impressive enough to ish a claim to be taken sly.

record is, in fact, sur- in the present review, and some apparently large of forecasting are ted (though forecasting for and now five years ahead nd to risk sizeable error). rvey is also a reminder often Cambridge has been effective early warning .

he beginning of 1972, the gave a warning of an nally acute dilemma" the balance of payments e end of a year of record s), and argued that unless owth of public expenditure ought to a stop, there was er of an enormous deficit collapse of sterling.

ear later the group said e Heath dash for growth entail balance of payments "rising to absurd pro- ns" and called for cuts in spending; and in January, came a warning that pay olds might cause infla- f over 20 per cent—a reached a year later.

at first sight odd that a with an apparently accu- nalysis of the economy at mand can be driven to le such policies as a rise blic sector investment ng, a tax cut of as much as £2bn. on top of the £1bn. or more needed to compensate for the past year's inflation, or a regime of import controls.

But this is largely because the analysis has, in two respects, a very different starting point from most rivals.

First, the Cambridge group is much more pessimistic about the inflation outlook than most rivals. It argues the anomalies in the past two years are so large that we will probably need bigger wage increases than would have occurred without any restraint at all to get rid of the tensions (because the social contract has made unskilled rates, from which differentials are measured, higher than they would otherwise have been).

The second and perhaps the more important novelty is that all the Cambridge recommendations are part of a strategy for enough growth to restore reasonably full employment by 1985—a task which all forecasters (including the OECD last week) now regard as very difficult.

Other analyses tend to aim for what they see as the best available trade-offs between, say, tax and interest rates, or export growth and the rate of inflation, and then forecast the outcome, which is in every case much less than the 5 per cent growth which the Cambridge group regards as essential.

PROSPECTIVE PERFORMANCE OF THE ECONOMY UNDER DIFFERENT STRATEGIES

	Average earnings after tax £ as at 1975 per week	Unemployment thousands	Increase in consumer prices % per year	Income from property and self-employment after tax £bn. as at 1975	Total fixed investment £bn. as at 1975
1976	40.81	1,274	—	22.4	19.6
1981					
Conventional policies	46.87	1,563	11.2	31.7	22.7
Devaluation	46.27	1,445	12.7	34.0	24.8
Restriction of imports	47.37	1,200	11.2	34.2	25.2
1985					
Conventional policies	52.38	1,939	9.8	34.0	25.7
Devaluation	52.97	851	13.7	51.0	34.9
Restriction of imports	53.88	800	8.5	42.7	33.3

Difference

The difference between Cambridge and, say, the OECD, is the difference between a forecast and a feasibility study. One tries to see where optimum conventional policies would lead; the other to devise new policies to achieve optimum objectives.

On fiscal and monetary policy, then, the Cambridge group is not really as far out of line as it may look.

It says that given its own gloomy assumptions about inflation and competitive performance, a very large stimulus would be needed to secure fast growth.

This would explicitly mean ignoring agreed limits for domestic credit expansion.

If the Treasury should answer that fast growth is simply not possible if inflation proves as bad as Cambridge expects and that in any case the domestic credit expansion agreement with the IMF is binding, it does not necessarily contradict the Cambridge analysis; it simply draws different conclusions.

When it comes to the best-known Cambridge line, the call for import restrictions, there is again widespread misunderstanding.

The Cambridge starting point is that we are stuck in a deep recession which will persist if we stick to "conventional" policies. This means that any regime of devaluation or import controls is primarily intended to promote growth, not to improve the balance of payments.

This assumption of spare capacity means that many of the objections usually raised are irrelevant. The "welfare cost" of controls which distort trade might be much less than the gain in output.

The supposed "beggar-my-neighbour" aspect disappears if the alternative is an effective devaluation, or if it can be shown that British demand for imports would be higher with high growth, whether secured by controls or devaluation, than with low growth and no intervention.

The Cambridge analysis really looks at the choice between devaluation and restrictions on imports of manufactures. It admits that devaluation would lead in the long run to higher output, higher investment and higher growth than import controls; but it argues that the cost, in terms of inflationary pressures, would be more than we would be willing to pay.

In other words, an attempt to devalue beyond the point needed to offset inflation would simply set off a wage explosion. Experience gives this argument a deadly plausibility; and if devaluation is impossible, and full employment unattainable without it, the Cambridge case deserves a more serious answer than it has yet received.

Economic Policy Review, Department of Applied Economics, Sidgwick Avenue, Cambridge. £3.

THE THREATS TO LABOUR

Liberals may still aid Callaghan

BY RUPERT CORNWELL

FOR A PARTY which has always complained that the electoral system denies them a fair say at Westminster, the Liberals are not doing too badly.

As Mr. Callaghan desperately casts round for the outside support he needs to survive Wednesday's vote of confidence, an alliance with the 13 Liberal MPs offers the most reliable prospect of long-term security, to the extent, of course, that such a phrase has any meaning these days in Parliament.

From the Liberals' own view such a deal seems to make better sense than any of the alternatives. Liberal policies have a chance of being implemented only if the party is in coalition, formal or informal, and in the broadest terms, it would undoubtedly cohabit more readily with Labour (from whose moderate wing their views are often indistinguishable) than with the Conservatives.

A General Election now, the conventional wisdom runs, would be a disaster, and destroy what credibility the party has painstakingly regained after the Thorpe downfall and the unpleasant antics of the leadership battle that followed it.

Yet there is David Steel, barely eight months in the job of leader, progressively upping the price of his support to a level that no Labour Government haunted by the spectre of Ramsay MacDonald could contemplate paying.

If the Government did not change the "whole course of its policy" for its remaining period in office, the Liberals would vote with the Tories, he said yesterday. Socialism could go no further, and Mr. Callaghan would have to submit to the ignominy of "open and public agreement" on a programme.

Such is not the stuff to delight Labour's Left. Three days before the crucial division Mr. Steel seems hell bent on forcing a General Election and possible catastrophe. Why?

It may be of course that he contemplates climbdown with honour at the 11th hour, agreeing to abstention by his troops in return for slightly less than cast-iron assurances that his demands will be met.

The earlier terms were in some measure likely to be met: changes in the devolution Bill, reforms in the tax system, a more Liberal version of the Bullock report as the basis for industrial democracy legislation, and of course proportional representation for the promised direct elections to Europe, this last is something that the Government might well have resorted to by itself in any case.

Mr. Steel would have to eat some of yesterday's words, but that is not a process unknown in politics. The Young Liberals, too, will argue for accommodation.

Made to pay

There are equally good grounds for supposing he means what he says. The Government's handling of the Liberals since devolution's demise has been the same as on the Bill itself, a mixture of shortsightedness and tactlessness.

Ever since that defeat on February 22 Mr. Steel has been making friendly noises in Labour's direction, excoriating Mrs. Thatcher as an ambitious demon who puts divisive self-interest above the national good.

Yet Mr. Callaghan, it appears, did not seize the opportunity of the post-devolution bilateral talks with Mr. Steel to take soundings. More recently Mr. Cyril Smith, who had sought a chat with the Prime Minister, was told to go and see the chairman of the Parliamentary Labour Party, Mr. Cledwyn Hughes.

Normal enough treatment, it might be thought, for a man who ranks only No. 4 in the Liberal pecking order, but an assumed slight that rubbed deep.

Mr Steel therefore has been obliged to make the Government pay more now for what might have been had more cheaply and quietly a little while ago.

He is cashing in on the attention he is suddenly getting. Liberal policies will have a better public airing in these three days than they might normally receive in three years.

The present crisis offers an answer to that deepest of Liberal difficulties, getting a clear idea of what the party stands for, across to the general public.

In purely electoral terms, the party's position is perhaps less disastrous than often asserted. True, eight of its 13 MPs have majorities of less than 3,000.

Mr. Alan Beith, its Chief Whip, will defend Berwick, which he won by only 73 votes in October 1974. Mr. Russell Johnston's majority at Inverness, where he will be fiercely challenged by the Scottish Nationalists, is 1,134.

Traditional strength in the Celtic fringes might prove a weakness in these days of resurgent nationalist parties.

But Liberal MPs, by dint of their fewness, are disproportionately well-known, and a seat won, often against the odds, is not lightly surrendered.

Mr. Steel is beginning to make his mark nationally, and the party's 13 per cent in the latest Gallup poll is an improvement from the dark days of last year.

As David Butler points out the Liberals almost always do better in the final vote than initial campaign polls indicate.

Down to two?

Though the party will certainly not repeat its 1974 performances, when it won 19.3 and 18.3 per cent. of the two elections, the most pessimistic forecasts, that the 13 MPs will become two, are unlikely.

Finally there is the most powerful argument. Is there any reason to suppose that the party will do better in three, six or nine months' time, or whenever the election finally does come?

Might it not prove fatal to have entered an alliance with a Government disliked in the country, particularly if its influence on its policies turned out to be scant?

These must be the thoughts running through Mr. Steel's mind, and the reason for his insistence that Mr. Callaghan publicly nail his colours to the coalition mast. It is something that the Prime Minister will fight to the last to avoid, but the alternative might be a Tory Government.

Ulster Unionists, Page 10
Scottish Nationalists and

OINTMENTS

ord Caldecote to e L & G chairman

unt Harcourt, chairman of AND GENERAL ASSURANCE SOCIETY for more than s, will retire at the annual on May 18. He will eeded by Viscount Caldecote, who joined the Board in y last year and was ed deputy-chairman in . Lord Caldecote is also n of the Delta Metal Com- nd a director of Lloyds nd of Consolidated Gold The appointment as chair- f Legal and General is cutive.

★

ood SA of Lausanne, land, has announced on the Board of their company, TOBLER RD. Mr. T. Holborn s managing director from and a member of the Mr. R. Beglé (Swiss) and Reymond (French) have ned the Board. Mr. J-E rdt (Swiss) has resigned ent upon his appointment er duties within the d group. Mr. J. H. remains chairman and n Bes (French) is deputy- n.

★

D. T. Hall, a director of RT WRIGHTSON ASSUR- CONSULTANTS has been ed managing director.

★

Jim Hyde has been ed managing director of P AUTO SERVICES. Pit- as purchased by Tenneco tional from the Zockoll earlier this year. Under ms of the agreement the Group continues to the company.

★

INTERNATIONAL AND E UNDERWRITING Y, the new Lloyd's rs' Agency jointly owned International Management tants and Mr. A. L. Sturge, pointed Mr. D. L. Hodgson, tor of PA International, irman. Other directors ted are Mr. J. F. P. am, Mr. D. E. Coleridge, R. Crabtree, Mr. R. N. ls, MP, Mr. T. P. Houghton r. C. E. Parnell.

★

Alastair M. Robertson, y and deputy general er of the SCOTTISH ABLE LIFE ASSURANCE TY, has been appointed a r and on September 1 es general manager in sion to Mr. Ian Isles who on August 31. Mr. Isles main a director.

★

John Kirkwood has been ted a local director of the ea district of BARCLAYS

★

Ghazi A. Allawi has been ted manager, business pment, and Mr. A. D. ay, manager, medium-term , of UBAF BANK.

★

Colin Cripps has been ap- d marketing director of IDE AUTOMOTIVE BAT- S.

★

MERCIAL UNION AS- NCE COMPANY announces Mr. K. W. Irons, assistant l manager, marketing s, will be leaving the ny on March 31. His es will continue to be avail- s required on a consultancy Mr. D. Johnson, currently U.K. planning manager, will be responsible, from April 1, for both planning and marketing services functions under the title of U.K. planning and marketing manager.

★

Mr. Peter Sprange is joining the tanker broking team of HOWE MATHESON TANKERS from March 24. This is one of the ship broking companies associated with the Jardine Matheson group. Mr. Sprange was previously a tanker broker with H. E. Moss and Co.

★

Mr. H. K. Knighton has been appointed financial director of the BRITISH REINFORCED CONCRETE ENGINEERING COMPANY, part of the Hall Engineering (Holdings) Group, retaining his post as secretary.

★

Mr. David Finlay-Maxwell, chairman and managing director of John Gladstone and Co., has succeeded Mr. Leslie Bamford as chairman of the TEXTILE RESEARCH COUNCIL. Mr. Finlay-Maxwell has just completed a three-year term as chairman of the Wira Council, and has been succeeded in that post by Mr. Roy V. Stroud, chairman and managing director of Stroud Riley and Co., and deputy chairman of Stroud Riley Drummond.

★

BRITISH RAILWAYS BOARD has announced the appointment of Mr. Kenneth Taylor as chief mechanical and electrical engineer at Board headquarters. He succeeds Mr. Graham Calder, who is taking an early retirement to become traction director, Brush Electrical Machines, from April 24 in place of Mr. F. H. Beasant, who remains a director of that company with special responsibility for export sales.

★

Mr. S. R. Duff and Mr. A. F. Pearson have been appointed to the Board of DAVID AULD VALVES, formerly David Auld and Sons.

★

Mr. George H. M. Gibb has been appointed to the Board of CROSSLEY BUILDING PRODUCTS as financial director.

★

Mr. Nicholas A. C. Bell has been appointed financial controller at the corporate centre of BTR. He joins them from British Leyland, where since 1875 he has been controller, finance and systems, for S U BUTEC, the component division of Leyland Cars.

★

Mr. J. H. Whiteley has been appointed deputy managing director of B. S. AND W. WHITELEY in charge of the company's plant at Pool-in-Wharfedale, Yorkshire. His previous responsibility for production has been taken over by Mr. A. C. Missenden as works director.

★

Mr. W. J. Wilkes, deputy chairman and group managing director of JAMES WILKES, is to become chairman on April 1. Mr. James Wilkes is retiring as chairman at the end of March but will continue as a non-executive consultant director.

★

Mr. Colin Owen-Browne has been appointed managing director of the EVENING NEWS. Mr. A. T. Irvine has retired after 40 years with the Associated Newspaper Group.

★

Mr. J. H. S. Edmonds has been appointed as a director of ANTONY GIBBS SAGE.

Building and Civil Engineering

£10m. offices award

TROLLOPE AND COLLS (Trafalgar House Group) has been appointed main contractor for a £10m. office and light industrial development on a 1.3-acre site in Charterhouse Street, London, EC1. It will consist of two reinforced concrete buildings founded on in situ piles and linked at the upper levels across Saffron Hill.

When completed, the Charterhouse Street block will have seven storeys with two basements and the Saffron Hill block five storeys and one basement with a combined gross floor area of 131,947 square feet.

Elevations of the new buildings will be Portland Stone and bronze anodised aluminium cladding. A notable feature will be the outward sloping curtain walling which is designed so that the rays of the sun do not reflect and dazzle the occupants of the building opposite.

Architects for this development are Chapman Taylor Partners.

Designing a port in Brazil

WORK ON the detailed design of a major port at Praia Mole, near Vitoria, Brazil, has been started by the consulting engineers Planave of Brazil, together with RPL Ltda, an associate of the British consulting engineers Rendel, Palmer and Tritton. Construction of the port is expected to be completed in 1979.

The initial development will include some 5 km. of breakwaters, import berths for coal and oil, and export berths for steel sections. At this stage it is expected that about 8m. tonnes of coal and 3.4m. tonnes of oil will be imported and 5m. tonnes of steel products exported annually.

Praia Mole will serve the new Tubarao steel plant to be built nearby and will also be used for the import of coal for the Usiminas steel mill.

Puts pipes on the line

ALL THE POSITION fixing and data collection work required for the "difficult end" of the 280-mile Far North Liquids and Gas System undersea pipeline is to be carried out by Hunting Surveys under a contract worth £¼m. signed with Semac Services BV.

The information is needed for the new Semac 1 laybarge, which is a semi-submersible, and its attendant vessel, for the laying of the remaining portion of the line. Continuous position update is provided together with other related data requirements for pipe laying. But the operator is given a very large degree of lattitude for ad hoc decisions on site and in a variety of conditions.

Hunting has already carried out an extensive work programme on the pipeline which will carry gas from the Shell-Esso Brent field to St. Fergus. The company carried out position fixing for the inshore section of the line in 1976.

Prevention of flooding

NORWEST CIVIL ENGINEERING, a subsidiary of Norwest Holst, has won a £1.33m. contract to build flooding relief brook culverts at Morlais Brook, Merthyr Tydfil. The contract has been awarded by the Merthyr Tydfil Borough Council and June, 1978, is the estimated completion date.

Another Norwest subsidiary, W. A. Gale, has won £1m. worth of contracts to build houses and flats in Liverpool and Bootle. The Liverpool project is for the Corporation and in Bootle, work is for the Pierhead (Mersey) Housing Association.

Norwest also announced last week that F.C. Precast Concrete, another group company, is to supply and erect the frame for new psychiatric buildings in Blackpool for the North Western Regional Health Authority. The contract is worth £205,000.

£1m. marine berth in Australia

TAYLOR WOODROW International has been awarded a contract valued at about £1m. from the Commonwealth Department of Construction for a marine berthing facility at Stirling naval base, Garden Island, Western Australia.

The work involves a steel-piled jetty of 150 metres, connected to the land by a piled approach trestle 180 metres long. An isolated mooring dolphin is to be constructed with access to it by a steel catwalk.

Clydebank town centre project

ROADS AND car parks associated with the Clydebank Town Centre, currently under construction by Sir Robert McAlpine and Sons, are now also to be built by the company. The additional contract, awarded by Clydebank District Council, is worth £1.7m.

The roadworks will be constructed largely on embankments and will include a road bridge over a main electrified railway and all drainage. A pedestrian bridge is to be built across the nearby canal together with approach walkways within a wholly landscaped area.

Architects are Hugh Martin and Partners, quantity surveyors are W. A. Brown and Partners, and consulting engineers Jamieson Mackay and Partners.

Offices for cider-maker

A START is to be made in April on a £1m. headquarters in Hereford for cider-maker H. P. Bulmer.

The contract is being undertaken by Espley-Tyas and it is expected that the job will be completed in July next year.

Providing 55,000 square feet the two-storey building is to be erected in Plough Lane. It will have a central courtyard with a rock pool and trees.

Architects are The Waters Jamieson Partnership and the quantity surveyor is Francis C. Graves.

£1m. coal plant

BOVIS CIVIL Engineering has won a £1m. contract to design and build a coal crushing and screening plant at Cannock, Staffs.

Awarded by the National Coal Board Opencast Executive, the contract calls for the construction of a modern disposal point capable of handling 20,000 tons of coal a week at a peak rate of 500 tons an hour.

The plant will include primary and secondary crushers, screening and sampling equipment, conveyor belts and rail loading/storage bunkers.

Bovis has retained Stan Walker (Engineering) Co. of Bristol to assist in the design of the coal handling machinery. Work will begin in mid-April.

Steel fabrication in the Gulf

AS PART of Dubai's industrial development plans, the Ruler of Dubai and vice-president of the United Arab Emirates, Sheikh Rashid Bin Said Al Maktoum has approved the establishment of Cleveland Bridge and Engineering Middle East at Jebel Ali. This will be a joint venture between Cleveland Bridge and Abdul Wahab Galadari, a leading Dubai businessman.

The facility will be fully operational by September. It will incorporate the latest automated steelwork preparation plant and be equipped to handle beams from stockyard to finish painting through an automatic shot blast and paint spray line, followed by a sawing and drilling line. The latter will be fully numerically controlled.

It is stated that a large stock of steel sections and plates will enable purpose-made structures to be supplied in weeks rather than months with delivery independent of shipping delays. It is expected that some 15,000 tonnes of steelwork will be fabricated during the first year which will represent Stage 1 of the venture.

The company will undertake the design, fabrication and erection of steelwork for residential, commercial and industrial buildings as well as some of the bridge, power station, off-shore and other structures.

Tall blocks speeded

CUBITTS HAS announced that it can offer a big advance on the present method of slip-forming concrete in the construction of multi-storey buildings.

Last week it showed a technique called Supershafter which is being used for the first time in this country on a 19-storey office block in Victoria Street, London.

The block forms the major part of an £8m. development of offices, shops and flats being built by Holland, Hannen and Cubitts Construction (London) for Machurst. It is scheduled for completion in December.

Supershafter is operated in the U.K. by Cubitts under sole licence from an associated company of Civil and Civic (Pty.), of Australia, which developed the technique. Cubitts is offering the system for use on multi-storey buildings and will use it on contracts it is carrying out as main contractor or as a sub-contractor on jobs where the technique's obvious advantages can be fully exploited.

Major advantages of this system which enables both concrete floors and walls to be poured together, are its versatility and labour saving possibilities. Dismantling, handling and re-assembly tasks are minimal and an average size of working team of four is only needed.

Essentially, says Cubitts, Supershafter removes the services core on a multi-storey building as the critical time factor in construction. It can be adapted to most common lift shaft sizes and can be used in both single shaft and multi-shaft structures. It can also be quickly adjusted in situ to conform to reduced wall thicknesses and heights.

Gas modules built fast

RECORD breaking work has enabled the Howdon yard of William Press to schedule for loading to-day two North Sea gas compression modules laid out on the yard as recently as October, 1976.

The two modules weigh 600 tonnes each and measure 82 by 35 by 65 feet and are for the Shell/Esso consortium Leman AK and BK gas production platforms. There they will be used to boost the gas before it is piped to Bacton.

Work is continuing on similar packages for the Brent Thistle and Cormorant oilfields as well as how mooring systems for Ninian.

Variety of jobs in Midlands

WELL OVER £3m. worth of contracts have been won by Wincott Galliford. The largest is worth over £2.2m. and is for housing for Milton Keynes Development Corporation.

Other contracts are for motor showrooms and garage at Coventry for W. Brandish and Son (£309,101), factory and offices at Rugby for Duplomatic (£150,314) an industrial unit at Longford, Coventry for Alliance Property Holdings (£208,084) extensions to Raunds secondary school for Northants County Council (£445,861) and a warehouse at Freeman's Common, Leicester for Percy Bilton (£52,336).

Surfacing work at airfields

AMEY ROADSTONE Construction has been awarded two contracts for airfield paving work by the Department of the Environment. Total value is about £2m.

One contract, at RAF Fairford, Glos., is for regulating and complete resurfacing of the main runway together with the resurfacing of a substantial section of the taxiway. Valued at about £1.2m. the contract includes ancillary work on the airfield lighting.

The second job is at RAF Wattisham. Here the work, which will cost about £860,000, includes the overslabbing of an aircraft servicing platform and taxiways and resurfacing of taxiways.

Reservoir for Mears

Grampian Regional Council has awarded a £320,000 contract to Mears Construction for the construction of Kirkhill Reservoir, Dyce.

The 9,100 cubic metre reservoir and associated pipework is the fourth contract to be undertaken by Mears in the Aberdeen airport area. The contract is scheduled for completion in 65 weeks.

Extends l[ife] of scaffol[d] boards

BUILDING AND civil [engineer]ing companies are bei[ng offered] a service which it is c[laimed will] help them cut the cost [of replac]ing scaffold boards.

Many boards have [been dis]carded because of spli[tting, but] it has been found that [by fix]ing galvanised nailbar[s to] boards their life can [be] increased.

A hydraulic press to [is] now being used by [illegible] (U.K.), Flaid House, [illegible]ton Road, Dewsbury, Y[orks] (462011). The process [forces] the boards into trans[verse com]pression and the [company] reckons average boa[rd life is] doubled by this treat[ment. The] service is understood t[o be avail]able at several depots.

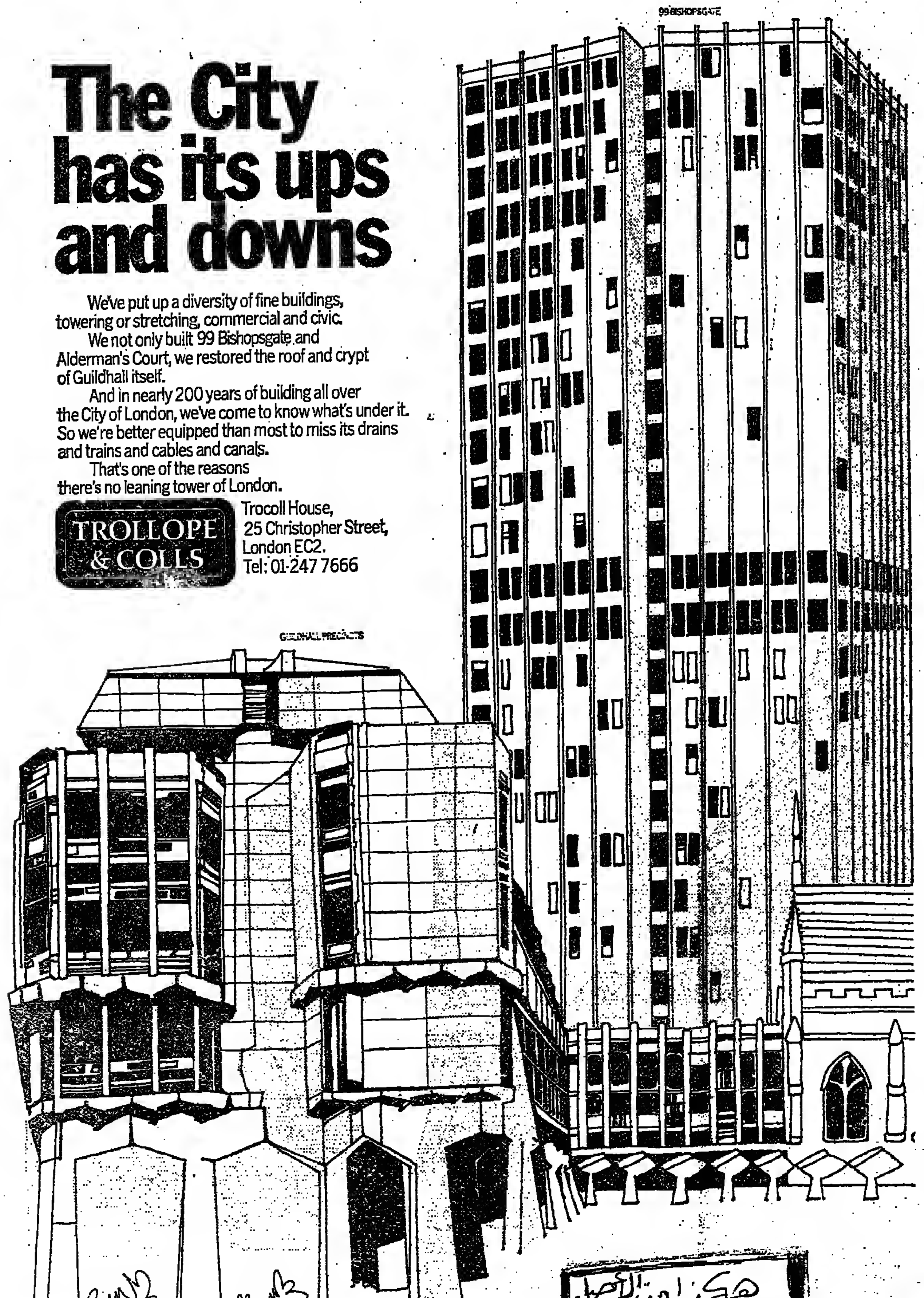
Increasin[g] the wate[r] supply

TARMAC Internation[al has won] a contract to boost [the water] supply to the town [of Sharjah] in the United Arab E[mirates].

Worth almost £3m. [the job in]volve laying 34 km [of] pipes around the tow[n].

Water will be [illegible] pipeline from the [illegible] in the Sharjah an[d] picked up by what is [the] Sharjah ring main as [well as] the existing fresh wa[ter].

Materials for the [illegible] been purchased from [illegible]struction Materials. [illegible] being carried out [by] Sultan Bin Moh[ammed] Qasemi. Consultant[s: illegible]crow Middle East.



IN BRIEF

● A £100,000 order for structural frames, cladding and doors has been placed with Atcost (Scotland) by Cummins Engine Company.

● Two steel chimneys which will carry cement kiln gases to heights of more than 220 feet in Nigeria are to be supplied to the Ashaka Cement Company by Thompson Horseley, the Dudley (West Midlands) unit of Clarke Chapman.

● Robert Watson and Co. (Constructional Engineers) of Bolton has been awarded a £250,000 contract by ICI Organics Division for the fabrication and erection of steelwork required for new process buildings at Grangemouth.

● Biggs Wall and Co. has been awarded a £390,000 contract by Crawley Borough Council as agent for the Thames Water Authority for the construction of a trunk foul sewer from Gatwick to Three Bridges, Crawley.

● Because export orders are booming for JCB hydraulic excavators, J. C. Bamford is having to extend its facilities and plan two new buildings at its Rocester plant near Uttoxeter. One will be used for export packing and the Ellesmere Port company H. H. Robertson will supply protected metal wall and roof cladding for both the export packing unit and the 40 x 48 metre new parts store.

● Complete flooring services are available in the north of England from the Sheffield Phoenix Flooring Centre opened by Continwood (Durabella) and Phoenix Floors at Bowmaker House, Kingsfield Road. The range covers sound insulated designs for flats and maisonettes and types for sports halls.

● Seven private developments estimat[ed at] a total sales value [of] £6m. are being [built by] William Leech (Buil[ders]) North East of Englan[d].

● Robert Watson and [Co.] (Constructional) Eng[ineers] Bolton, has been [awarded a] £350,000 contract fo[r] work to a passeng[er] Heathrow Airport's T[erminal].

● The London B[orough of] Enfield has awarded [a] lift modernisation [contract to] Hammond and Champ[ness. The] contract involves ele[vators at] the Snells Park and [illegible] Housing Estate.

LEGAL NOTICES

No. 00938 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of IAN CLARK EUROPEAN TRANSPORTATION LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1977, presented to the said Court by AILSA TRUCKS LIMITED whose registered office is situated at [illegible], Glasgow, who are a Company incorporated according to the Laws of Scotland, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 25th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

JUDGE & PRIESTLEY,
42/48, East Street,
Bromley, Kent.
Ref: JLT.
Tel: 01-460 8091.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 22nd day of April 1977.

No. 00905 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SANDARILLO INVESTMENTS LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 1st day of March 1977 presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of State House, High Holborn, London W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London W.C.1.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of April 1977.

LAND AND NEW [illegible] LIMITED

NOTICE IS HEREBY [GIVEN that the] Creditors of the [above-named Company, which] is being voluntarily [wound up, are required on or] before the [illegible] to send in their [names and addresses, with particulars of their debts] or claims, and the names and addresses of their Solicitors (if any), to Michael Thomas Pope [illegible] [illegible] the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

4th March, 1977.

BOND DRAW[INGS]

ELECTRICITY SUPPLY [illegible]
[illegible]

CLASSIFIED ADVERTISEME[NT] RATES

From 12th April 1977

	per line £
Industrial & Business Premises	3.75
Businesses for Sale/Wanted	3.75
Residential Property	1.25
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The Executive's and Office World

EDITED BY JOHN ELLIOTT

Tony France describes how a large company cut the cost of its internal communications

Price of information

Leonard Burt

Peter Jewiss (left), who devised the Compax communications package and David Lock, of Lock-Patterson, which produced it.

MMUNICATIONS within ...ge diverse organisations are ...idly becoming an increasing ...den for management. This ...particularly true when the ...anisation is composed of divi...s, each of which has a con...rable degree of autonomy. ...eft to its own devices, each ...sion would produce media to ... its own communications ...; the quality would depend ... the skill of the individuals ...lved. The end products ...ld be unco-ordinated, and in ...l very expensive.

...eter Jewiss, until recently ...licity manager at the head...rters of Union Carbide U.K. ...itish subsidiary of the U.S.-...d giant multinational), ...ded to try a co-ordinated ...roach. Four years ago he ...inated a programme, which ...now proved successful in its ...cts on the businesses for ...ch it was designed.

Campaign

...e was faced with a company ...ch has ten operating divi...s, each specialising in a ...erent technology. Products ...n hybrid micro-electronics to ... bulk production of chemi... are made in factories ...tered over the U.K. In the ..., each division had used its ... publicity campaign to get ...ous messages across to its ...loyees.

...ter Jewiss outlined the ...lem: "The company had ...loped five major pro...mes aimed at controlling ...inistration and production ..., and to aid its performance ...eas of social responsibility. ...le separate publicity cam...ns were, perhaps, desirable ...nable the message to be ...ed to the individual require...ts. of each section of the ...pany, they were extremely ...nsive and time-consuming. ... division could be given all ... programmes during the ... The problem was to pro... programmes with a com... theme, but which could be ... specific to each division of ...ompany."

...e five subjects to be ...ed were: safety; operation ...ovement and control; reduc... of Post Office costs; energy ...rvation; and good house...ng.

...th the aid of co-ordinators ...inted in each division, ... Jewiss devised a common ...age (called 'Compax') ... provides all the promo...l material from a central ...e, but which could easily ...ade specific to each division.

Research and development took three years, and included presentations to various committees set up to investigate and implement the programme, and to shop floor employees to gain their understanding and participation.

Media used in the campaign included posters on the specific hazard and its remedy (for example, wearing safety spectacles); stickers that could be placed on equipment (for example, "Remember to wear your helmet"), signs indicating a specific danger; newsletters which enabled the divisions to provide information relating to local problems; and promotional tea mugs carrying the slogan of the safety campaign.

Slogans and designs were produced by the company's consultants, Lock-Petterson, and linked the programme in appearance and message. The company's symbol, a hexagon, was incorporated in all the media, and used to enclose the symbol for each campaign.

The complete programme was introduced to the company a year ago, and a company pack given to each divisional manager. Each pack contained samples of the promotional items produced for the five campaigns, together with instructions on ordering and implementation.

This gave the divisions autonomy in the use of the programmes, but left the company's management with overall control of the content standard, presentation and cost. The items were produced in bulk and made available from a central store using a reply paid post card.

Before general release, each campaign was tested at one of the divisions. Suggestions for improving production increased by 300 per cent. and over 12 per cent. was saved on energy consumption.

It was estimated that had it been possible to produce and administer five programmes simultaneously in all ten divisions, the cost would have been £100,000—a figure difficult to justify.

By using Compax, the five programmes cost £15,000.

Peter Jewiss is confident that this type of programme is applicable to any organisation with a multidivisional structure. Since the basic components can be specifically designed and readily produced for almost any in-house campaign, he sees a bright future for Compax.

In fact, he is so confident that he will tie his own future to it. This month he set up a company to provide a Compax service. He has already received inquiries from American multi-divisional companies.

More information can be obtained from Peter Jewiss at 22 Woodlands Avenue, London, E11. 01-989 4677.

MANAGERS' INCOMES

Squeeze spreads to Europe

BY DAVID BUCHAN IN BRUSSELS

THE FINANCIAL plight of middle managers on the Continent is getting as bad as that of their British and Scandinavian counterparts. This was the message that the International Executives Confederation sought to put across last week when the heads of the Dutch, German, French, Italian and Belgian national federations—representing 450,000 managers and executives—met in Brussels.

For historical reasons, the confederation includes only associations from the original six EEC member states, although some British white collar unions have ties with it. Even though the welter of statistics cited for each country did not make international comparisons easy, the Press was warned that a new braindrain was in the offing, comparable to those in the U.K. and Scandinavia.

Earning life

Apart from making the usual complaints that the earning life of the manager is getting shorter as the need for more study and better education increases, while at the same time his income is constantly being taxed at a higher rate because of inflation, the federation put their main stress on the need "for an overall view of the deductions that affect executives." Not one European government takes such a view, they claim.

The nub of the complaint is that all the social security demands that European States make on the modern executive are based on gross salary. This penalises the executive who already pays more in direct taxes than the worker. The situation becomes worse if other elements like lower educational and housing allowances are taken into account. The Dutch executives, who seem to have got hotter under their white collars than others, reckon that with all these factors a gross pay increase of florins 1,000 can lead to a net fall in income.

Ratio

Mr. H. van der Schalie, the president of the Dutch Federation, said that in the Netherlands "if we compare the gross income, the director is earning six times as much as a worker. If we compare the total income of the two, taking into account their length of career in the company, the ratio is 3:1, and if we examine real purchasing power, we arrive at a ratio of 1.5:1. Finally, if we assume that for the director the 40-hour week is merely an illusion, we arrive at a ratio of 1.6:1."

The complaints have been loudest from those countries like Germany and the Netherlands where direct taxation is higher than in, say, France or Italy. Mr. J. Borgwardt, speaking for the German Federation, said that compared with the Dutch calculations, effective taxation for German managers was between 36 and 53 per cent of gross income.

But executives in France and Belgium, whose governments rely to a greater extent on indirect taxation, have been hit of late. In Belgium in 1975 and 1976 only a lower fraction of salaries was tied to the consumer price index and from the start of this year all French salaries above Frs.220,000 have been frozen under the Barre economic plan.

It all makes for increasing demotivation of the European executive. The federations admit this is an unquantifiable phenomenon. But M. Michel Carre, president of Egon Zehnder, which is an international executive recruiting service, told the Press that he knew of many senior French executives asking for more holiday in lieu of the pay denied them under the Barre plan.

The other option for the frustrated executive is, of course, to look elsewhere for more remunerative work. M. Carre said that this was beginning to happen in Holland and Belgium, and while he could give no overall estimate of the incipient European brain-drain, he commented that the inverse was happening with Americans in Europe. Following the recent U.S. tax changes the number of Americans in Brussels—once the European headquarters of many American multinationals—had dropped last year by 15 per cent, and another 20 per cent is expected to leave this year.

Pressure

Most of the IEC's pressure is directed not at the European Commission, which in any case could do little on these matters in the short term but at national governments. Executives have little political and economic clout at the moment. Only in France, where the Confédération Générale des Cadres has 300,000 members, are executives anything like well organised. But the numbers are increasing elsewhere.

Mr. Van der Schalie said that the Dutch federation's membership had risen from 10,000 only four years ago to 35,000 now. The lesson of the blue collar union strength in numbers has not been lost on their white collar brethren.

EXECUTIVE HEALTH BY DR. DAVID CARRICK

The question of smoking

INSURANCE companies' medical forms tend to be somewhat quaint documents with their stilted and often archaic questions couched in picturesque language. For example, to ask if and how much the applicant drinks is too simple. Instead comes the ponderous query: "What quantity of spirituous liquor do you consume daily?" And there are many other peculiar posers bewildering to both applicant and physician.

Recently I had problems with an applicant who had been heavily loaded by several firms and it was not long before the reasons became apparent. We ran into difficulties with the first question which was: "Are you now and have you always been in the best of health?" Evidently anybody answering "Yes" to that must be a liar; but most people assume that the inquisitor is not considering trivial and minor maladies. My applicant, a somewhat haunted-looking man, eagerly began to recite everything from impetigo to ingrowing toenails, and as it was obvious that the tiny space for the answer could not accommodate a saga of sickness that would have filled a two-volume novel, I had to cut him short.

Having fought my way through "giddy attacks, fits of any kind, spitting blood" and "passing gravel" (a delightfully 18th-century term), we arrived at: "Any X-rays or special investigations? If so, state when, where, why and results." Now my man really got his ears back and reeled off an amazing list of investigations some of which I had never even heard of. With *gathering* astonishment, I asked him why he had undergone so many intimate tortures. "Ah," he replied, "You see, I am very keen on my health. For example," he went on, "if you said that I should have a barium enema tomorrow, I'd go like a shot!"

It was now very obvious why the man had been loaded as nobody had bothered to discover the reason for his love of mechanical masochism. But I ploughed on. When we reached the "spirituous liquor" question, he admitted to one-eighth of a pint of mild per day. He used to drink up to a quarter of a pint, he said, but had read *something* in the papers about how five drinks a day cut six years off your life which had alarmed him.

I was quite exhausted at the end of his marvellous memoirs of miserable maladies, but before starting the physical examination (and a fitter man I have seldom met) he told me that I had forgotten something. I said I didn't think so. "Wrong!" said he. "You didn't ask me about smoking!"

Oddly enough, that particular form did not require an answer. Much disappointed he said that surely I must want to know how many cigarettes he smoked per day. "Very well," I said wearily, "How many?" "Oh, none at all!" he retorted as happy as an undertaker in an epidemic, "Never touch them: not even the low-tar type!"

Not unnaturally this traumatic exercise led me to dwell on the latest campaign launched by the estimable Mr. Ennals in a manner as impassioned as only a convert could achieve. Now I must agree with him that smoking is not good for one and that heavy smoking is deleterious, particularly for those in urban areas. But I am disturbed on two counts. First, it seems to me that the man in charge of the crumbling remains of the NHS should expend less energy on emitting a veritable smoke-screen and more on attempting to transfuse the moribund and expensive elephant that is white more from anaemia than superfluity.

Secondly, I do not believe that anyone, lay or medical, has the right to castigate and penalise those he regards as sinners, for boastful virtue is not merely a lack of vice but rather an ugly form of puritanism. Persuasion without sanctimonious stricture is quite another matter and more likely to succeed.

Doubtless if one followed all the taboos that are pumped out endlessly from the wells of the worthy and abstained from anything remotely pleasurable in our short, drab lives, we would become like my miserable applicant. I do not think that we would live much longer; but goodness knows it would *seem* much longer.

Business books

Communication in Organisations, by Lyman W. Porter and Karlene H. Roberts Penguin Books, £1.75. A collection of readings of interest both to front-line managers and management students.

A Dictionary of Computers, Penguin Books, £1. A glossary of some 3,000 words, phrases and acronyms used in connection with computers. It has been designed to assist both technical readers and the increasing number of non-specialists whose work is to some extent affected by a computer.

Guide to Employment Conditions, by Robert Porter. George Godwin, £3.50. A straightforward guide of value to every employer and employee and with references made to the building industry's special conditions.

Office design for the disabled

BY NICHOLAS LESLIE

WHEN THEY first met three years ago, Henry Mara and Penny Thrift were immediately struck by the poor and difficult conditions in which each had to work. The aggravating factor for them, however, was that both had recently become partially disabled with multiple sclerosis.

They decided that Penny Thrift, a designer, should design a "work station" for her own use, while Henry Mara, a writer and broadcaster, would carry out research into suitable commercially available equipment which would help solve some of their problems. They would also ask manufacturers to lend products for testing.

The project grew to such an extent that they decided to write a book about their experiences. This they did and they have just published it themselves, sponsored by the King Edward VIII Hospital Fund, London. It provides a detailed account of the difficulties special to their own disabilities and the steps that they took to overcome them by means of the layout of their work areas, and use of equipment such as electric typewriters, filing systems, copying machines and record equipment.

In their introduction, the authors say that they see the book as providing useful information for thousands of handicapped people who want to earn a living in an office or run a business from home.

They maintain that "given a well designed environment and suitable office equipment, thousands of disabled people can be as physically productive as the able-bodied."

The book, entitled Get Yourself Going, is available from Henry Mara, Flat 3, 21, Princes Avenue, Muswell Hill, London N10 3LS, price £1. The authors intend that proceeds will go towards setting up a foundation for a scholarship for students who concentrate on design for the handicapped.

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A dangerous trend

WITH ALL the industrial countries suffering from high unemployment the pressure for import controls to protect existing jobs is understandable; the question is whether governments are strong enough to keep the pressure at bay and to prevent the drift into a trade war. The British Government, to its credit, has consistently rejected demands for generalised action against imports; although it has used its anti-dumping powers more frequently and more aggressively than in the past, its actions have fallen far short of what the protectionist lobbies have been asking for. On the other side of the Atlantic the lobbies have been more successful, at least to the extent of presenting President Carter with some awkward decisions on trade matters; how these issues are settled will have a considerable influence on whether the trend towards protection in other parts of the world is checked or encouraged.

Resentment

Last year the Ford Administration imposed quotas on special steel imports which caused great resentment in Europe and Japan. They are due to stay in force until 1979, but President Carter is being urged to abolish them. Earlier this year the International Trade Commission recommended quotas and higher tariffs on non-rubber footwear imports, mainly from South East Asia. President Carter is expected to rule on this early next month; if he accepts the recommendation, the main effect will be to divert imports into Western Europe.

Other recent ITC rulings call for import restrictions on TV sets—a matter which the Japanese Prime Minister, Mr. Fukuda, will be discussing with President Carter in Washington this week—and on sugar. There are a large number of requests for import protection pending before the ITC on grounds of injury or unfair trading practices. In the meantime a verdict is awaited from the New York Customs Court over an allegation that the Japanese Government's refunding of a specific tax to exporters constitutes an unfair subsidy.

The Americans have been attacked for giving a tax subsidy to their own exporters through the Domestic International Sales Corporations, an issue which has been raised in the Tokyo round of world trade negotiations. The outlook for these negotiations will be very much worsened if President Carter accepts the ITC recommendations.

The Americans have their own grounds for complaint against the Europeans and the Japanese. They are unhappy, for example, about the limitation of Japanese steel shipments to Europe which simply have the effect of increasing the pressure on the U.S. The danger is that these sources of conflict will lead either to a general outbreak of beggar-my-neighbour policies or to the attempted development of international market sharing arrangements or cartels, which are likely to be bad for world trade and bad for the consumer; the production quota system now operating in the EEC steel industry points in this direction, and there have been suggestions that similar arrangements should be made in other capital-intensive industries, such as chemicals and fibres.

Unilateral

Some element of regulation by governments can be justified in a case like textiles where there are deep-seated structural problems in the importing countries, but the practice should not be allowed to spread. As the director-general of GATT pointed out recently, there are established mechanisms to deal with sectoral problems arising from the world recession, and these should be used. If one major country takes unilateral action in response to domestic lobbying, others will follow suit and the prospects for world recovery will be damaged. Since the U.S. economy appears to be moving ahead faster than those of other industrial countries President Carter is in a good position to give a lead.

An EEC seat at the top table

UNLESS THE French Government changes its mind, the leaders of the nine EEC countries seem set to celebrate the 20th anniversary of the Rome Treaty with a major public row at their summit meeting later this week. The issue —the Community's representation at the forthcoming London summit of the seven leading Western industrialised countries —may at first sight look like a matter of abstruse procedure.

But the Dutch Government is taking it so seriously that it is now more or less openly threatening to walk out of the EEC summit that starts in Rome on Friday if the item is not placed first on the agenda and settled to The Hague's satisfaction. The Dutch demand, backed with varying degrees of enthusiasm by all the rest of the Nine except France, is that Mr. Roy Jenkins be invited to the London talks in his capacity as President of the Commission.

Rome talks

It will be a pity if the dispute is allowed to dominate the Rome talks. In the first place, it will provide the clearest possible public proof that after 20 years the EEC countries are still vulnerable to the interminable squabbles over the borderline between national and Community responsibilities that have caused so much trouble in the past. In the second place, the Nine do have other serious issues to discuss in Rome, notably the substance of the London talks and the wide range of issues currently under negotiation between the world's rich and poor countries as a first step towards a new international economic order.

Respect of the Community's institutional rulebook is essential if the smaller members are to be persuaded that their interests are going to be taken into account by their bigger partners. It is also vital for the Commission's own credibility vis-à-vis the outside world, particularly in Washington and Tokyo, to say nothing of the personal authority of Mr. Jenkins, who has publicly stated his desire to attend the London meeting.

It is not good enough for the French Government to retort bluntly that the London talks are not a Community matter. President Giscard d'Estaing is fully aware of the deep concern among the smaller countries at the way the Community's "Big Four" have taken to sitting down with the Americans, Canadians and Japanese as if the Community only existed when it suited its bigger members. It is true that a concession by President Giscard d'Estaing would risk offending his Gaullist coalition partners, with whom he is now trying to mend fences in the wake of the municipal elections that ended yesterday. The fact remains that, after protesting strongly at the Commission's exclusion from the first two Western summits in Rambouillet and Puerto Rico, the smaller countries were left with the clear impression that serious efforts would be made to devise a satisfactory formula before the third.

Firmer line

This time, the new Carter Administration has been dropping clear hints that it would like the Commission to attend. In meetings of the EEC Council of Ministers, Herr Hans-Dietrich Genscher, the German Foreign Minister, has shown support for the Commission — although the views of Chancellor Helmut Schmidt are less clear. Britain, however, has hidden behind its present role as Council chairman, and said only that it will accept whatever consensus the other countries manage to work out.

It would do much to restore the U.K.'s standing in the eyes of the smaller countries if the Government took a firmer line on the Commission's behalf, and left France clearly isolated. It can, of course, be counter-productive to try to put pressure on French Governments. But M. Giscard d'Estaing would surely be reluctant to shoulder sole responsibility for a serious bust-up in Rome.

SCOTTISH NATIONALISTS

The threats to Labour

BY RAY PERMAN, Scottish Correspondent

SCOTTISH Nationalist MPs are determined to vote with the Tories on Wednesday's no-confidence motion because they believe that they have Labour on the run in Scotland, and that an immediate General Election would give them a rich killing of seats in the new Parliament.

There could be no worse prospect for Labour in Scotland than an early General Election. With the Devolution Bill still not resting quietly in its grave and unemployment in the industrial west still rising, the party is looking to the Government to give it as long as possible in which to forget its traumas and renew its decayed organisation.

The latest opinion poll showed that the backlash against the Government following the devolution guillotine defeat has now partially spent itself, leaving Labour—since the last poll shown in the table—a short way behind the Tories and the Nationalists. But an election within a month would be uncomfortably soon and there are likely to be acrimonious arguments about where the blame should be laid.

Labour's fight in Scotland is now almost wholly with the Nationalists and it is of interest not only to those who want to see the Government returned to power. It also has vital implications for the unity of Britain, since the Scottish National Party can only gain the firm base from which to launch its final drive to independence by unseating Labour MPs.

Labour MPs took 41 of the 71 Scottish seats at the October 1974 General Election—a vital contribution to the fragile majority that has kept the Government in power for two-and-a-half years. The Conservatives, who lost four seats to the Nationalists between February and October, emerged with 16 Scottish MPs, the Liberals with three and the SNP with 11.

But these bare figures give a false impression of the grip Labour actually has on Scotland. The electoral system has masked the decline in Labour support since 1970 and the rapid rise of the SNP. In October 1974 Labour won 56 per cent. of the constituencies with only 36 per cent. of the vote, while the Nationalists, only a little way behind with 30 per cent., won only 15 per cent. of the seats.

The arithmetic is complicated by what happens to support for other parties — the Tories, Liberals and the Scottish Labour Party—which broke away from the official party 18 months ago taking two MPs, a senior official and a fair number of supporters with it. But put at its simplest it needs only a small proportion of voters to change their allegiance from Labour to the Nationalists for the electoral system to start working in the other direction.

On a simple swing between the two parties if five per cent. of the electorate which voted Labour last time votes SNP next time, the Nationalists will double their representation at Westminster. On a ten per cent. swing they would come close to getting half the seats in Scotland—the point at which they say they would begin to negotiate for independence.

Most of the evidence since 1974 suggests that if the shift has not already been made, then it is well under way. A string of council by-elections and regular opinion polls indicate that it may no longer be a question of Labour preventing the drift to the SNP, but actually of reversing it.

One of the key areas where Labour has failed to match the SNP is in attracting the young. An opinion poll published last year showed that 46 per cent. of 18-20-year-olds favoured the Nationalists. Thus the three new electoral registers that have come into force since the last election will have each made the gap Labour has to bridge that much wider.

Another area where Labour has failed to keep up is in organisation. Years of virtual one-party rule in Glasgow and the west have fostered neglect of membership and of the party machine at local level.

Nominally Scottish membership of the party is over 70,000, reflecting the 1,000 members each constituency has to have before it is allowed a delegate to annual conference. In reality it is a fraction of that number.

A survey by the Research Department of Transport House a few years ago for the Home Policy Committee suggested that active membership was around 5,000—little more in some areas than councillors, trade union officials, and their wives.

Things are changing, but if the Government loses Wednesday's confidence vote there will not be time for the effects to show. A new membership drive has already brought in 1,000 people but the rate will have to be sustained over months if the new blood is to invigorate moribund local parties. The now young leadership of the party — chairman, political secretary and research officer—needs time to settle in and Mr. Norman Buchan, elected as the first-ever Scottish Treasurer at the Perth Conference 10 days ago has not had time to do much about ailing finances. Nor has there been time to find a new chief organiser, a vital appointment due to be considered later this month.

The contrast with the Nationalists could not be more marked. The SNP is a volatile party and although its membership and electoral support has been growing steadily over a long period, it is subject to wide fluctuation. Nothing pushes them higher than the hint of battle and the scent of blood.

Membership has been climbing rapidly since the beginning of the year and the untimely death of the Devolution Bill, the prospect of sweeping gains from Labour in the district council elections in May—and general spring fervour—means that the party is running with a full head of steam. To use this rising pressure the leadership needs an election before the summer.

Organisation has always been a strong point among the Nationalists and, like the Liberals in England and Wales, they have significantly improved on opinion poll predictions in recent elections.

There are now 530 active Nationalist branches, each with a membership averaging 70 to 150. The largest have up to 400 members and support extended executive structures of their own from chairmen and secretaries down in some cases as far as street captains. Their fund-raising is unsurpassed. Besides passing on half of membership fees, each branch is required to pay £50 in HQ dues each year, meet levies for special campaigns, maintain floats of their own, and contribute to district, regional or national fighting funds. Last year only 60 branches did not pay their national dues and many of those are thought to have diverted the money to local purposes.

Both Labour and the Nationalists expect seats to change hands in the west, although predictions of numbers vary. My own impression is that in a General Election next month the SNP could easily double its representation at Westminster from 11 to 22 seats.

That would include the loss of some seats by the Nationalists to the Conservatives. The Tories are riding higher at the moment than at any time since 1974 having found a unity on the defeat of the guillotine motion which they were unable to find on the principle of devolution itself. Organisation and finance have improved, but are still not as good as some MPs would like.

However, many activists feel that the time for a contest is now before improvements in the economy in the last quarter of the year bring back support for the Government.

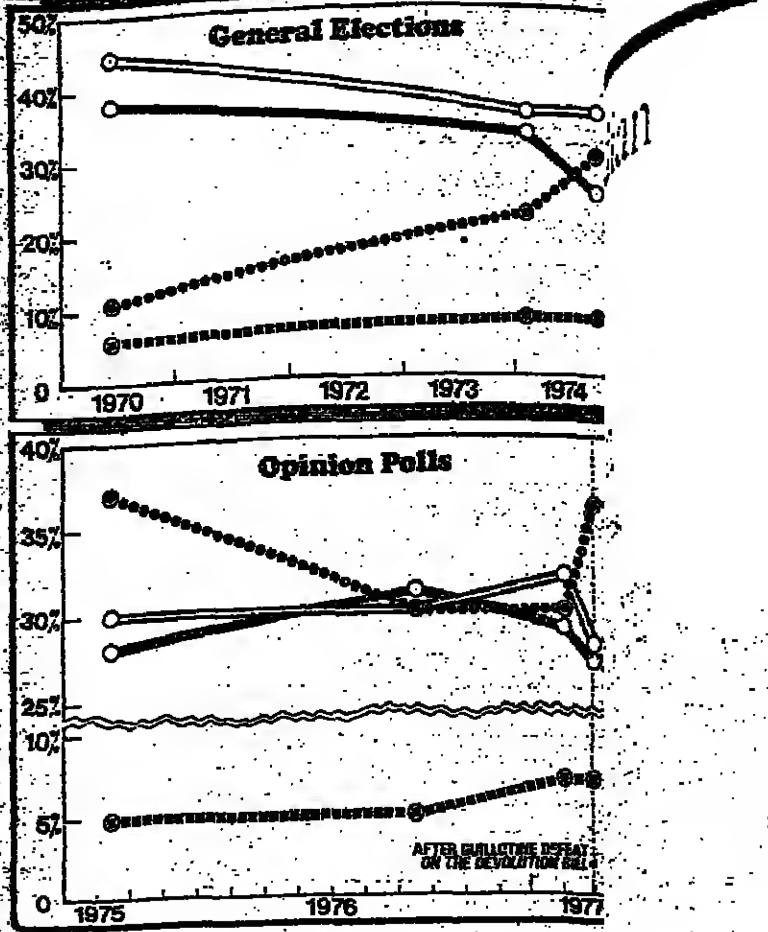
One reason for their confidence is that private assessments by the party have shown over some months a return of prodigal voters, particularly in the prosperous north east. This could enable them to take back some constituencies from the SNP such as Moray and Nairn, South Angus and Mearns, Aberdeenshire East and perhaps Perth and East Perthshire. They could be helped by a firming up of the Labour vote there to limit the pool on which the Nationalists can draw for extra support.

In less affluent parts of the country a shift of Labour votes to the SNP could have a mixed effect for the Tories. It could, for example, mean the loss of Conservative seats like East Fife and Dumbartonshire Central, where the Nationalist candidates were close seconds in 1974, and the gain of seats such as Berwick and East Lothian where Labour and Tory were neck and neck.

Liberal support is also rising after a bad period and the party looks certain to hold at least two of its three Scottish seats—those of David Steel and Jo Grimond. In the third, Russell Johnston is being pressed hard by the SNP, but feels he will still be able to hold the seat—perhaps an important factor in deciding whether he will vote to bring the Government down on Wednesday.

A new factor since 1974, and one adding more confusion to an already complex political scene, is the emergence of the Scottish Labour Party, defending the seats of MPs, Mr. Jim Sillars, Ayrshire and Mr. John ... at Paisley. The SLP ... test four more Labour ... stituencies in the ... With an official Labour ... date against him it is ... whether Mr. Robertson ... could prevent the Na... taking his seat, but it ... to be seen how many ... other candidates wo... and from whom—Labo... SNP.

SUPPORT FOR THE PARTIES IN SCOTLA



ULSTER UNIONISTS

Six days of courtship

BY GILES MERRITT

IF ULSTER's Unionist MPs fail to emerge as the kingmakers in the tangled arithmetic of Wednesday night's no-confidence vote, they will nevertheless have had a fascinating six days beforehand. Courted on the one hand by the Government, and subtly wooed on the other by the Tories the bulk of the United Ulster Unionist coalition is only too happy to see the situation as a vindication of their hard-line demands for Northern Ireland.

This morning, Mr. James Molyneaux, leader of the UUUC at Westminster, is due to meet Mr. Callaghan, apparently to hear the revised details of the "accommodation" he rejected on Friday from Mr. Roy Mason, the Northern Ireland Secretary. With nine of the UUUC and quasi-Unionist MPs already bent on voting against the Government, and the tenth, Mr Enoch Powell, being tacitly threatened with expulsion from the Official Unionist Party unless he does likewise, Mr Callaghan's terms would need to amount to a reversal of his Government's Ulster policies to be acceptable to most Unionists.

Scenting a change in the political climate in Britain over the coming months, when their handful of Westminster votes could be of crucial influence, the Ulster Unionists are pressing hard for a return to majority rule through a devolved Stormont Government. They appear to be in no mood to negotiate the finer details of Government proposals for an emasculated devolved administration, and for Westminster representation to be increased from 12 to 16 or possibly 20 seats.

The ironies and paradoxes of the Unionists' new position are complex. By sheer coincidence, the Conservative Party's Northern Ireland Committee had lately been divided over Right-wingers' suggestions that a deal approximating uncomfortably to the restoration of Stormont should be drawn up —to be offered to the UUUC in the event of a deadlocked General Election.

But if the Unionists vote against Mr. Callaghan's Government, that does not mean they will be voting for the Tories. Mr. Airey Neave, the shadow Ulster Secretary, not only privately opposed his own party's proponents of a deal with the UUUC, but has publicly refused to endorse the Unionists' Convention report of last year demanding a return to majority rule. In that he is resolutely backed by former Ulster Secretary Mr William Whitelaw. Not long ago UUUC leader, Mr. Harry West, ostentatiously snubbed Mr. Neave by refusing to meet him during a fact-finding visit to Northern Ireland.

The paradox, therefore, is that, although both major parties at Westminster have this weekend been vying for the Unionists' favour, their bi-partisan policy has held up well enough in recent years for both sternly to refuse the 'loyalists' demands. Thus, decisions of Ulster Unionist MPs to vote against the Government this weekend are based on other factors.

The main bone of contention is security. Rumours and unconfirmed reports of dwindling troop levels — fanned only last Friday by the publication of Defence Ministry evidence to a Commons Committee that there is "an urgent need, in the interests of the Army" to reduce the military commitment to Northern Ireland — are causing serious concern. The level of violence shows no improvement and the current Provisional IRA campaign against businessmen is said to be costing Ulster much-needed foreign investments, notably from the U.S.

Mr. Mason's approach to security is more or less that of his predecessor, Mr. Rees. But the Unionists are determined that the policy is not tough ... the same time they ... that a Conservative Go... would lean toward a ... clampdown in the Prov... Thatcher has made it ... security policy should ... strict, while Mr. Ne... inter alia, proposed the ... offence of terrorism ... enacted, the kernel of ... that suspects would be ... to prove their innocen... are noises the loyalis... hear.

Perhaps the strong... tive influence that is ... the Unionist MPs ... abstention into the lob... the Government is the ... ship with Mr. Mason. ... this weekend there ... the unmistakeable ... chickens coming home ... As part of his confid... mination to make Di... work positively, the ... Ireland Secretary has ... defuse local politics by ... his contacts with loc... clans. His characteristic ... ness has to them seen ... gance. An invitation ... Government to start ab... a new man at Stormo... is too tempting to resi...

MEN AND MATTERS

Ladbroke's non-runner

It is a pity Cyril Stein could not make the Boat Race festivities on the Thames at the weekend. The Ladbroke Group, which he heads, has saved the race for the forseeable future by an annual £20,000 sponsorship and Saturday was the day when Ladbroke planned river-borne red-carpet treatment for some of its more influential customers so that they could get a better view of the event. The good ship Abercorn was hired to pursue the boats and at the champagne reception off Putney Pier all seemed to be going well.

Trouble started when Abercorn attempted to moor at Chiswick Eyot with the intention of giving the Ladbroke guests a grandstand view of the two crews passing before swinging into pursuit. A turning tide brought her into crockery rattling contact with the shore several times before everyone—including a police launch whose interest had been excited by the manoeuvres—settled down for the race.

Oxford then swept past in muscular fashion, closely followed by a Cambridge crew looking much more spritely than had been predicted. Then came the flotilla of launches. Pressmen and camera crews. The BBC helicopter roared overhead.

Abercorn's engines sparked to life and the ship sped at full speed away from the island, dutifully intent on following the pack. Unfortunately all that happened was that she did a remarkably tight turn and started heading back. As the Boat Race disappeared into the distance word spread that the steering gear had been damaged.

Reception on the television sets provided was quite good fortunately, and though Stein will to-day learn that his guests drank him dry of champagne there were reserve supplies of other sustenance. More police launches arrived, and eventually the aptly named tug Handyman took the Abercorn in ignominious tow and returned her to Putney some four and a half hours after she had left. Several fellow voyagers assured me they would be delighted to repeat the experience next year, but expressed doubts over a similar gathering should Ladbroke decide to go in for sponsoring something on the high seas.

New days at the Dorchester

Peter Stafford had not set foot outside London's Dorchester Hotel for four days, one of the penalties of living above the shop, you might say. But as he escorted me on a brief managing director's guided tour of the hotel's best and in some cases truly exotic rooms (particularly the heavily ornate roof garden suite designed by Oliver Messel for Coronation year), Stafford was laying plans to "escape" in the early hours of the next morning. He would be going along to New Covent Garden market to check over the fruit and vegetable purchases for the day.

Stafford has been in charge for the last seven months, arriving from the Savoy group soon after the Dorchester's controversial £9m. takeover by an Arab consortium composed mostly of Lebanese and Saudis.

The Dorchester is one of about a dozen which could be called the capital's top hotels, and it could be argued that Stafford started his job in about the most difficult conditions. There was natural resentment at the take-over of another chunk of well-known property by the omnipresent Arabs; and the Dorchester had tended to be patronised by organisers of large-scale Jewish functions, business which did not look like lasting the change of ownership (The Arabs bought the Dorchester from Development Securities, a public company controlled by the McAlpine civil engineering family, who built the hotel, opened in 1931, and took it on from the original owner in settlement of building costs).

"I'm doing my best Jim, but it's difficult to persuade rats to return to a sinking ship!"

The Jewish patronage was perhaps always a little ironic because the Dorchester has been popular too with Muslim leaders, including the late King Saud of Saudi Arabia, the late Ayub Khan of Pakistan and Jordan's King Hussein.

Uncertainty about the new owners percolated among the 750 staff, not helped by the surprise departure after 12 years of Stafford's predecessor, Robin Oldland. Another worry was the scepticism in some quarters about the relatively high price (£29,000 a room) paid for a hotel which has not had an outstanding earnings record lately. Stafford is convinced that this year will show a satisfactory profit, declaring with apologies for the trade jargon that "London is the greatest destination."

From Arnold Bennett to the tough modern realism of Arthur Hailey, authors have long been fascinated by big hotels, and Stafford fits his role almost too smoothly. He charms with consummate ease, recognising and chatting with most of his staff and, naturally, having a sharp memory for the names and tastes of guests. He eats most days in the Dorchester's dining room, saved from being too oppressively neo-Hollywood by high ceilings; Stafford observes happily that such a style's right back in fashion anyway.

He is 51 and looks and sounds like a precise Scots Guards officer. Nearly right: his family was of Scottish descent, though he was born an Australian, and he started his career at the Marine Hotel at North Berwick in Scotland.

In recent years, he has run the large and highly-rated Mandarin Hotel in Hong Kong, which has nearly twice as many rooms as the Dorchester's 290. He returned to Britain and a directorship of the Savoy, which reached friendly agreement with the Dorchester for his transfer. His previous masters have long battled successfully against takeover; it remains to be seen whether any dramatic changes will be made by the presently unobtrusive new bosses of the Dorchester.

Loss leaders

"Three months with us," proclaims a New York slimming salon, "and you'll win the Nobelly prize."

Observer

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FINANCIAL TIMES SURVEY

Monday March 21 1977

Saudi Arabia

In a two-part Survey we look at the nature of the world's leading oil power; at how it is spending its enormous wealth; and at how it is wielding its political muscle both within the Middle East and in its relations with the rest of the world.

CONTENTS

Part 2 of this Survey, to appeer on Mooday, March 28, will inclnde articles on:

Custodian of the oil weapon

By Richard Johns, Middle East Editor

VER HAS Saudi Arabia a the focus of so mnch ntion nor has this extra- nary political entity ever re been so conscious of its er. Since the oil crisis of 74 it has emerged as a force of all proportion to its small genous population and its er-development. Having emerged from mediaeval urity over the past few ades the Kingdom has now ally given notice that it nds to use more actively the ght which it has derived n possession of a quarter of Communist oil reserves, a accumulation of financial ts and an impressive sure of moral authority. In coming year, which atens to be a critical one the future stability or other- of the Middle East, its in- ice could be a decisive one. ndi Arabia's defiant stand nst the majority of OPEC ibers at last December's sterial conference could be as a stroog assertion of onality—even a coming of The Kingdom had fought f an open breach with other lucers as it tried to moderate more extreme demands for nue increments and in the resort sought compromise. ically and psychologically, bad always in the past years been recognised s to the extent to which Kingdom could defend the interest of the global omic well-being against the wer one of the prodncers. oha Saudi Arabia in effect ed beyond the invisible by declaring that it would the dispnte to the market. It remains to be seen er it can, even with the cit support and effective ng of Indonesia, erode the er cent. set by the other bers or forestall a further cent. hike. Yet there can n doubt of its sincerity.

With apparent dellberation Saudi Arabia has now formally introduced a new, imponderable element into the pricing debate by suggesting that its future moderation on oil will be dependent on the outcome of the developing cootries' dialogue with the industrialised world and progress towards Middle East peace settlement.

Yet the conditions about an Arab-Israeli peace, vague though they may be, must be seen as politicising the issue in OPEC, which has always been about the improvement of members' economic interests. It was not aimed to mollify resentment of Arab members against the Saudi stance on prices.

Confused

Within the mysterious ruling hierarchy the exact status of remarks made in the immediate aftermath of the conference remains confused. Sheikh Ahmed Zaki Yamani, Minister of Petroleum, stressed that considerations of the world's economic health were paramount. Soon after, Crown Prince Fahd, the First Deputy Prime Minister, explained the Kingdom's position wholly in those terms. At the end of January, King Khaled described oil as an "economic and commercial problem" which should be kept out of politics. The stern young Prince Saud bin Feisal, Foreign Minister and son of the last King, has confirmed the pricing decision to have been linked to a solution of the Arab-Israeli problem. "We want to finish once and for all with this conflict."

The only differences are probably over what should be said publicly. It would be presumptuous, anyway, for Saudi leaders—who are both rational and reasonable—to appraise the result of the Conference on International Economic Co-operation and still less efforts by the new U.S. Administration to bring about a Middle East settlement. Far from bargaining or blackmailing, Saudi Arabia is at this point doing no more than attempting to put in its debt the U.S., which is the one power able, in theory at least, to deliver a settlement because of Israel's financial dependence on it. Yet the world has been given a frightening glimpse of the "oil weapon" over which the Kingdom remains the supreme custodian.

Based on a concept evolved two years ago, the CIEC is a unique Saudi contribution to international diplomacy. It would be a mistake to dismiss the original idea which was readily adopted by OPEC as a whole, merely as a clever idea to disarm the criticism of the militant producers and avert covetous glances from the Third World at the Kingdom's own fabulous wealth. Until last autumn, at least, the Kingdom planned to relate its stand on oil prices to the dialogue before it decided a continued freeze would be best.

Much more serious is the growing urgency of its desire to see a solution to the Arab-Israeli dispute and take credit for a settlement. Silently, Saudi Arabia played its part in helping to bring about the second Sinai disengagement agreement between Egypt and Israel in September, 1975—although it never publicly approved the pact and was nearly persuaded by Syria that it was a mistake. Saudi Arabia's impatience grew last year over the seemingly interminable civil war in Lebanon, where it looked askance at the prospect of a Left-wing victory and continued Egyptian-Syrian recriminations which made an end to the conflict impossible. The development of a much more positive role in world affairs since King Feisal's death was illustrated by its well-timed and decisive initiative — facilitated by the persuasions of its purse—bring about the Riyadh summit that provided the framework for reconciliation between Damascus and Cairo. The host was believed to have been largely responsible for the important decision to draw up a common Arab approach towards a renewed U.S. peace initiative.

Settlement

Saudi Arabia does not want to be directly involved in formulating a settlement and would probably approve anything acceptable to the Arab parties directly involved, including the Palestinians. Very much less is heard these days about Jerusalem. The Kingdom appears to be disengaging itself from the hard commitment to the complete recovery from Jewish hands resulting from King Feisal's vow to pray at the Al Aksar mosque before he died. The obsessive conviction about the integral relationship between Zionism and Communism has also undergone a sophisticated change. Now, the argument runs reasonably, it is the atheistic Marxist forces of evil which have most to profit from a prolongation of the Arab-Israeli dispute.

Combating the threat from Communism has been the first basic reason for Saudi concern about the effects of oil price rises. Almost by default it agreed to the massive escalation decreed largely at the Shah of Iran's behest in lete 1973. Over the past three years it has had a large measure of success in restraioing more militant demands in OPEC, but — es Dr. Henry Kissinger recognised —there were limits to whet it can do because of the "balaocing act" which it necessarily had to cerry out in the Arab world. By that criterion, the stand taken at Doha was iodeed "courageous and statesmanlike," even if the Kingdom is nnw a more confident power.

A second reason for reatraint has beeo the awareness of producers' mutual inter-dependence with coosumers, the belief thet OPEC members have a long-term vested interest in the "health" of oil markets, and the convictioo that economic instability caused by unduly higb prices can only injure developing countries including itself. Third, and more specifically, Saudi Arabia bas said that in return for its restraint it is looking towards the industrialised countries for all possible belp with its development and the implementation of its $142bn. Second Five-Year Plan.

With these considerations in mind the Kingdom would he extremely reluctant to apply its ultimate sanction. The underlying dilemma is most acute in dealings with the U.S. The super-power is not only the Western country with wbicb it has the longest and closest association but also its main trading partner, provider of technology and supplier of arms. The inner tension in the relationsbip has been badly aggravated by moves in Congress such as draft legislation against the Arab boycott. It cannot have appreciated the restriction imposed on sales of missiles last summer. In the face of these American actiona Saudi Arabia is naturally anxious to develop further its links with West European nations.

Only in the heat of emotion caused by another war would Saudi Arabia probably draw the weapon from its scabbard. Its reluctance to contemplate such action accounts for the gravity of warnings about the failure to acnieve a settlement. In the meantime, quite apart from developments in the region, the West should not count upon Saudi Arabia being prepared indefinitely to produce mnre oil than it requires. In the ruling bierarchy the strength of the oil conservation policy is difficult to measure but may be stronger than often supposed. It can only gain support from the wave of hitherto pent-up resentment against the high price of bids for projects made by Western companies which burst last month with the rejection of tenders for power stations.

Wasting

Questioned about opposition in high places to the wasting of an irreplaceable resource in exchange for paper assets Sheikh Yamani felt forced to say that be only believed in raising output above the old 8.5m. barrels a day for "a lucrative political and economic price." As it is, current revenue requirements could be met from an outpnt of 5-6m. b/d or even less if the Kingdom drew on its accumulated reserves now worth $50-60bn. The somewhat paranold feeling of exploitation may lead many Saudis to ask wbether they are receiving the assistance with the development for which the Government has appealed.

Crown Prince Fahd, the leading figure in the Government, can be said to represent the more modernising, outward-looking and enlightened strain in the regime. Yet the process of consultation and decision-making oo major issues is a mysterioua ooe. However, it is said by close observers to take place in a wider, royal confine than the Cabinet (where, of course, the House of Saud is well-represented anyway). The evolution of consensus muat take account of significant parochial and conservative elements wbo would bave opposed proposals for Crown Prince Fabd's succession in 1975 but were reassured by the elevation of hia half-brother Khaled, the former Crown Prince. He bas proved to be a far more active and less of a titular Monarch than bad been expected, to wbom the leading figures bave regularly deferred for advice. Indeed, be might be said to bave also fulfilled bis designation as Premier (with the proviso that in this cootext Western terminology can be misleading).

Still hospitalised in London, where he bas had two operations, King Khaled has received a steady stream of Saudi Ministers and dignitaries there over the past two months. Day-to-day direction of the nation's affairs has been in the bands of the formidable Crown Prince Fahd, whose brancb of the family includes his full brother Prince Sultan, the Minister of Defence, and other prominent figures. He is the beir-presumptive, and, as Head of State, would be more of a chief executive in the manner of the late King Feisal.

The commitment to developing fully the country's potential will not be reversed. However, to reduce inflation and ease the pressures on limited infrastructure and services which had become almost intolerable by last summer, already the emphasis has switched from maximum to optimum absorption of revenue while there has been a re-ordering of priorities. Even at a reduced level rising prices ensure that a high proportion of projected expenditure (70 per cent. in 1975-6) is made and also that opportunities for citizens to enrich themselves abound.

Money-making frenzy is making Saudi Arabia look more and more like an acquisitive, even greedy, society and is sucb as to make an impertinent visitor wonder if the first principle of the plan — maintenance of the moral and religious values of Islam—is being jeopardised. To an extent the spread of wealth may work towards stability but its unequal distribution and the social strains created by it will not.

Regional power

Its sudden increase in wealth from its oil resources in 1973-74 gave Saudi Arabia substantially increased weight in the region—a bonus it is becoming very adept at handling.

IN SEPTEMBER 1972, Saudi Arabia permitted Libya to supply through the port of Jeddah 32 Saladin armoured cars and a quantity of small arms to Adeni exiles living in North Yemen. Later Saudi Arabia stood aside while Libya went ahead with a series of initiatives to reconcile the two Yemens and so prevent escalation of the bordar war between the two countries which both Libya and Sandi Arabia bad encouraged. Although this incident happened less than five years ago, such a situation would be inconceivable now. Saudi Arabia is the uncontested power in the Arabian Peninsula and a major force in the wider Middle East context.

It is all too easy to forget just how rapidly Saudi Arabia's regional role has evolved. To take another example, Iran in November 1971 occupied the islands of the Tumbs and Abu Musa in the Gulf. The British were pulling out of the Gulf and Saudi Arabia still lacked the stature to make Iran take any notice of its opposition. Yet it is interesting to speculate, with the Kingdom baving now largely filled the vacuum left by the British withdrawal from the Arabian Peninsula, wbether such action by Iran to-day would be possible. The answer is probably no—and primarily because Saudi Arabia, though itself not possessing the islands, has sufficient diplomatic weight to prevent such an initiative.

Foresight

One might also add that few foresaw five years ago when the UAE was set up that the region would acquire such an appearance of stability, or that Saudi power and influence would increase so dramatically. Even though its population is a teoth of either of the two major regional powers — Egypt and Iran—its massive wealth and geographical size have given Saudi a predominant role which only since the death of King Feisal in 1975 it is beginning to fill in a substantial way.

The biggest test of Saudi's regional power has been its role in the Lebanon civil war. Traditionally the Saudis have found themselves trying to balance between the orbits of Egypt and Syria in their relations with the Arab world. With Syria and Egypt pursuing opposite policies, though not necessarily opposing aima in Lebanon, Saudi Arabia at first was extremely cautious about laterfering to try and end the murderous conflict. But by the end of last June Sandi patience had worn thin. The Saudis are believed to bave told the Syrians they would cut all financial aid. The PLO waa told to stop figbting or risk losing Saudi support; and the Egyptians were told their feud with Syria was counter-productive and that they too risked incurring displeasure.

This ultimatum produced the Riyadh summit and a sligbtly bemused outside world suddenly found oll the major forces in the Middle East committed to end the 18-montb-old Lebanese civil war. Without such an ultimatum there would have been no real pressures to prevent the conflict dragging on. As it was, an Arab League force was epproved and the figbting gradually stopped in Lebanon.

The Saudi move was part of a broader strategy designed to pull the confrontation States closer together to negotiate a Middle East peace settlement. They appeared to realise that only Saudi Arabia could be the catalyst in patching up the feud between Egypt and Syria over the former'a agreement to a limited Israeli pullback from the Canal in 1975.

The role was there, but the Sandis had been reluctant to play it. This can be partially explained by a reluctance to be seen to be interfering in the affairs of others. But it is also the result of the Saudi approach to policy. It is probably wrong to assume that Sandi regional policy is based on elaborate strategic thinking —rather it is based on a series of intricate interlocking relationships between leading members of the Saudi royal family with neighbouring ruling families and leaders.

Formulation of policy appears to be the result of an amalgam of personalities. For instance, the apparent "fist-and-glove" approach to the People's Democratic Republic of the Yemen over the past few years is thought to have reflected differences of emphasis in approach between Prince Sultan bin Abdel-Aziz, Minister of Defence, and Crown Prince Fahd, the Crown Prince, who is his full brother. Saudi foreign policy emerges probably from a compendium of views which would include also those of King Khaled, Prince Saud bin Feisal, Foreign Minister, and Mr. Kamal Adham, the powerful advisor (a brother-in-law of the late King Feisal). In a diplomatic role the Kingdom can also use orthodox conduits such as the Saudi-born businessman Mr. Ghassan Shaker, who has been a key figure in relations with Oman.

This preference for dealing with individuals has encouraged a bilateral approach. Saudi Arabia has been distinctly cool towards the idea of a Gulf security pact promoted by Iran and Iraq—the one aiming to keep the U.S. out of the area, the other to keep out the Soviets. Even though Saudi Arabia subscribes to the overall Iranian concept of wanting to ensure the Gulf is free of Big Power rivalry, it does not see the need for a formalised pact which could involve commitments.

Without a Saudi lead on this issue, none of the other States in the Peninsula will act alone. This was clear at the inconclusive meeting of Gulf Foreign Ministers in Muscat last November. As if to emphasise its own desire not to be tied down by strategic considerations of the Gulf, Saudi Arabia is going ahead with an East-West crude pipeline to the Red Sea.

Even if proper strategic thinking is discounted, Saudi policy nevertheless operates within a framework of basic considerations. One is that regional stability should be ensured through a negotiated Arab-Israeli settlement. Hand-in-hand with this is a determined effort to prevent Communism or radical regimes from establishing themselves—regarded as the main threat to the Kingdom and its puritan Islamic values.

Within the Arabian Peninsula, Saudi Arabia has over the past decade, and longer, been most concerned by the two Yemens. Latterly, in particular it has devoted most energy to containing the impact of the Marxist-inspired Government in Aden. Since 1972 it has eschewed force, preferring a slow process of persuasion—realising that the regime of the People's Democratic Republic of Yemen itself was too preoccupied with sponsoring the rebellion in Dhofar to be interested in a reconciliation.

Saudi Arabia gave only minimal military aid to Sultan Qaboos in Dhofar. Although it did not really like the Iranian presence, the Kingdom did not try to match it, providing instead financial assistance. On the military surface this was surprising aince military experience in Dhofar could have been useful, and it would have deprived Iran of the wider regional role it now envisages as a result of its intervention. The Saudi attitude was attributed to a wary attitude towards Sultan Qaboos. This may partly be accounted for by the fact that the Kingdom backed the organisers of the rebellion against his father in the 1950s. There would also have been a general reluctance to he seen fighting fellow-Arahs (Saudi Arabia was extremely cautious about sending a detachment to join the "deterrent" force in Lebanon).

Effect

With the war in Dhofar effectively over and the Sultan's forces in control, Sandi's role as a mediator has come to the fore. It was Saudi diplomacy that engineered the cross-border ceasefire between PDRY and Oman in March, 1976 — which bas effectively held. Now this is being consolidated with efforts to bring Aden more into the Arab fold tbrough the inducement of financial assistance (up to $400m.) which the impoverished PDRY desperately needs for development.

The Saudi position was well in evidence when last November an Iranian Phantom aircraft was shot down over the PDRY. Saudi Arabia negotiated the return of the pilot and the co-pilot's body plus the aircraft. Last month formal diplomatic relations with Aden were established and the PDRY Ambassador has already established himself in Jeddah.

Unable apparently to forgive or forget the Buraimi Oasis dispute of 1955, King Feisal refused to recognise the United Arab Emirates, established in 1971, until the summer of 1974. Saudi Arabia renounced its claima to Buraimi, but in return acquired a corridor to the coast between Abu Dhabi and Qatar as well as recognition of its claim to a slice of disputed oil-bearing territory in the interior.

This border has yet to be defined in official maps though Saudi Arabia does operate border patrola and recently arrested some workers of the Bengal Development Company who were building the connecting road between the UAE and Qatar. The Saudis also succeeded in upsetting Oman by failing to inclnde Sultan Qaboos in the original discussions on the Oasis to which Oman also bad a claim.

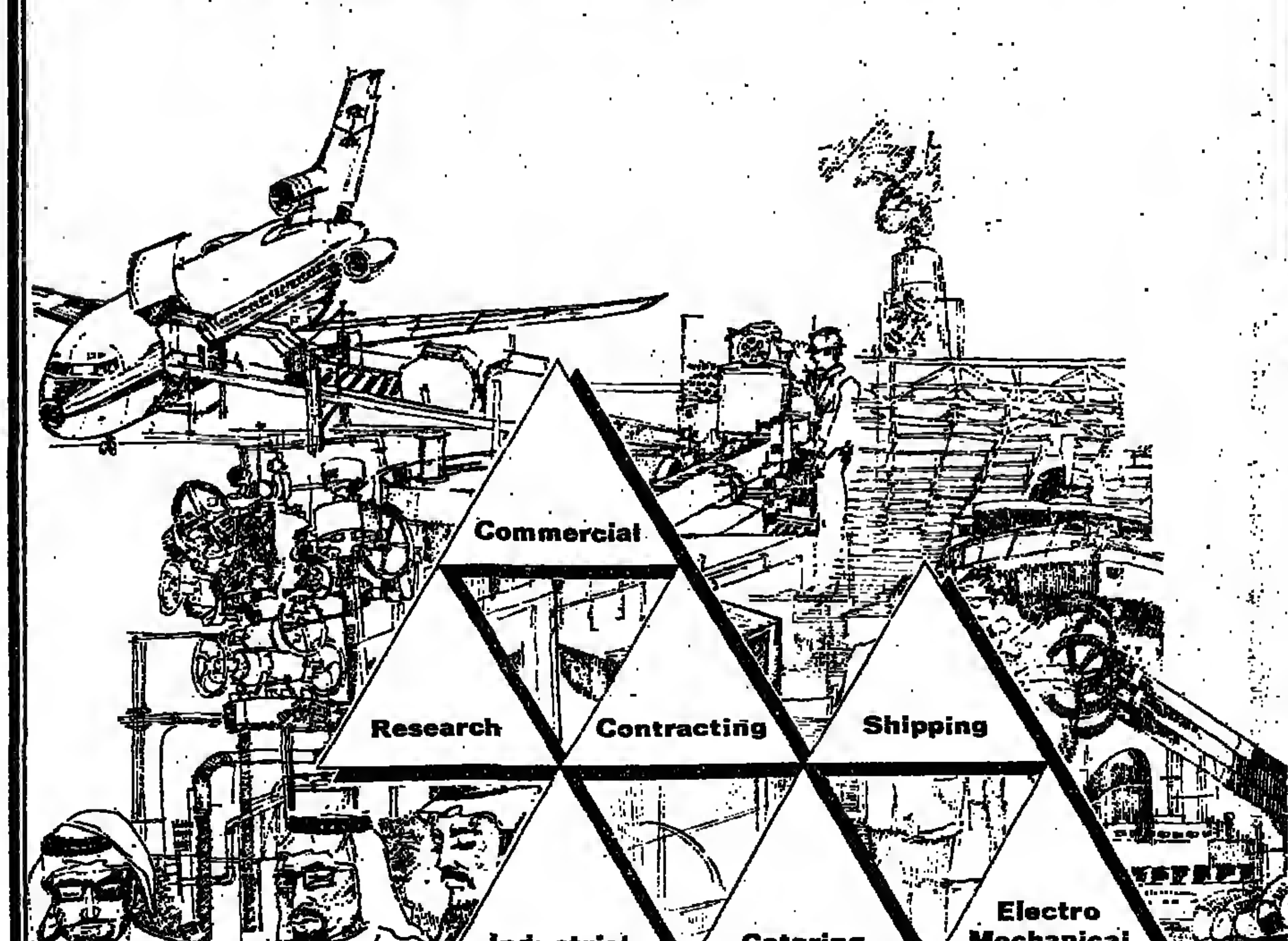
Sandi power and influence is exercised discreetly. Behind the scenes pressure from Saudi Arabia is widely believed to have been a factor behind the abrupt termination of the region's only experiments in limited democracy of the political process—in Bahrain and Kuwait—although there is no proof in either case. The Bahrain National Assembly was dissolved in August 1975 after only two years' activity, e move preceded by the arrest of 31 alleged Left-wing activists. The Kuwait National Assembly, a much older institution, was dissolved last August. The Saudi leadership is said to have shown its disapproval of the experiments which o door to a potential of traditional authority.

At another level fluence acts as a affecting, not always the mores of States. This is high the case regarding alcoholic drinks. OPEC meeting in December Qatar on implementing in Egypt's restrictive nationals' access to tified by the People's last year—though Sadat was less than about the measure—may have vated by Saudi which would have ready response Islamic right-wing.

Power

Saudi Arabia does its weight around, polite style—does full potential of power. Even so, evidence suggests Sandis are being in asserting region as their international grow. Other not afford to from the Kingdom effectively has "oil weapon" largesse in surplus.

Robert



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Improving its ability to protect itself is high on Saudi Arabia's list of spending priorities. The US has taken the major role in equipping and training the Saudi forces, but European countries, including Britain, are still getting a fair slice of the Kingdom's defence expenditure cake.

Defence and security

MONG THE guiding principlea the Kingdom's development, fence and internal security a rated in the preamble to the cond Plan as second after the intenance of Islamic moral d religious values. The iority given to them can be en from the hndget for the rrent financial year. The fence appropriation acconnts r nearly 38 per cent. of total ojected expenditure in 1976- , quite apart from provision the police force and internal curity services, which fall der the Ministry of Interior's ading.

The $10.36bn. allocation is 38 r cent. more than the one for e previous year and must ace Saudi Arabia in the top nk globally in terms of per pita military spending. Iran, instance, with a population er six times as big and much eater pretensions to be a gional power, bas budgeted her less than $8bn. under it heading for its new finan- l year which is just begin- ng.

No valid comparison can be de from such statistics which y conceal or exaggerate as ch as they reveal about nal commitments. It can at st be said that Saudi Arabia s not have the same ambi- ns as Iran to be a regional wer policing the oil lanes; does it have to suffer the rehensions inevitably aris- m a common border with Soviet Union. The King- n's posture could be cribed as more passively ensive. Certainly it has celess assets to preserve in oil fields of the Eastern vinca.

Whatever Saudi Arabia's mili- y preparedness, these would difficult to defend. At pre- t it is difficult to see where hreat to them might come n. Back in 1967, when the l war was still going on in the Yemen, Saudi Arabia felt vulnerahle from another direction—President Nasser's Egypt. As a result tha concentration of the air defence system, undertaken hy the U.K. before the June War was concentrated towards the north-west of the country and along the Red Sea coast.

Two years later Saudi forces saw action in the south dnring the hrief flare-up with People's Democratic Republic of Yemen operating from their base at Khamis Mushayt high in the mountains of the Assir. With the PDRY-inspired rebellion in the Dhofar province of Oman quelled and the Yemen Arab Repuhlic a financial dependant of the Kingdom, the south-western sector presents no danger now. Currently the main build-up against imponderable future eventualities is in tha north-east, where tha Government is embarking on the construction of a major base near Al Batin and along the Kingdom'a Gulf littoral.

Protection

Difficult though it is to envisage tha circumstances in which Saudi Arabia might have to protect by military means its vulnerable and perhaps indefensible oil fields, its military programme is a modest one if judged by the criteria of the country's status and prestige as the world's leading oil power. As the leading donor of aid to the confrontation States the Kingdom bas signified its physical solidarity with them by posting brigades to Syria and Jordan. Its response to pan-Arab responsibilities is shown by the presence of a battalion in the Lebanese "deterrent force."

Yet in some vital respects ambitions, reasonable as they are in terms of posture, may reach beyond actual potential. In particular it is donbtful whether Saudi Arahia could enter into combat for some years without expatriate advisors performing at least a support role. At the sama time military development has been a somewbat haphazard affair. There mnst be doubts as to how well co-ordinated tha various supply programmes involving the U.S., Britain and France have been.

Against this it must be said that Prince Sultan bin Abdel-Aziz, Minister of Defence and Civil Aviation, is a shrewd man, well versed in military affairs, who has not been foxed by high-pressure Western salesmanship of either a political or commercial nature. He will have been a restraining influence on wilder ideas.

The fiscal constraint is the least one to worry the planners. More important ls the availability of scarce human resources. Tha conventional armed forces number 50-60,000 men and the National Guard another 20,000. In addition, another 6,000 to 7,000 are believed to be enrolled in tbe para-military Frontier Force and Coastguard. Uniformed personnel could account for up to 7 per cent. of Saudi manpower—a relatively large number for a country so dependent on expatriates.

Military service is voluntary, but the Government bas been considaring tha possibility of conscription. The doubling of salary scales announced earlier thls month indicated clearly the difficulties of recruitment if nothing more. The award was made at a time when the Government has been trying to restrain pay rises in the public sector ln order to combat inflation.

Inevitably also the result will be a continuing and indefinite dependence on expatriates for maintenance and support. Training will continue to account for a large part of defence contracts awarded to the Kingdom. Infrastructure is also a voracious consumer of funds. Purchase of actual weapons would he a small proportion of Saudi Arahia's considerable outlay on defence abroad—perhaps no more than 10 per cent. of the total.

Contracts

The U.S. is reckoned to have 80 to 90 per cent. of the market for military goods and services. In 1975-76 contracts won amounted to some $3.8 bn., of whlch only about $400m. was in the form of orders for hardware. Washington has generally shown responsibility in not pushing or encouraging sales of equipment beyond the capacity of the Saudi Armed Forces to absorb properly—even if the extent of involvement of American personnel has heen the subject of Congressional criticism.

While the American defence industry has fought as vigorously in Saudi Arihia as anywhere for orders ona inhibition has heen pro-Israeli political sentiment in tha U.S., highlighted by the furore last year over the sale of Maverick missiles to the Kingdom. Undouhtedly this affair will have given the Saudi Government an added inducement to diversify sources of snpply. It gave added significance to the visits by M. Yvon Bourges, French Minister of Defence, to Riyadb and by Prince Sultan bin Abdel-Aziz, Saudi Minister of Defence, to London in November.

France and Saudi Arabia have agreed to establish permanant military missions in each other's capitals, while efforts by the U.K. to increase its involvement in Saudi Arabia's defence have been intensified. The interest does not of course centre only on the Kingdom's buying potential. Back in 1974 Saudi Arabia purchased Mirage IIIs from France and British halicopters for Egypt. It is now the main paymaster for the Cairo-based Arab Industries Organisation, an enterprise precluded by U.S. restrictions from buying American. There must lie the main hopes for the Jaguar fighter-bomber, the Hawk trainer and ground-attack aircraft, and the Lynx helicopter. Even now the status of the Franco-Egyptian agreement seems to be unclear as far as Saudi Arabia is concerned.

A significant factor in American predominance has been the U.S. Corps of Engineers, which has long been deeply involved in the Kingdom as the consultant and supervisor of military projects, mainly in the military field. Currently it is handling over $20bn.-worth of construction. The volume of work is such that it is now building port facilities at Ras al Misbah near the Kuwaiti border on the Gulf coast and at Rabegh near Yanbo on the Red Sea to bring in the necessary imports. The Corps is responsible for the $3bn. north-eastern base—to be called King Khaled Military City—near al Batin, for which the main contract for the first $700m. is expected to be awarded soon to an American company.

For the most part U.S. training, modernisation and re-equipment of the Saudi armed forces is co-ordinated by a military mission led by a brigadier-general. It may contain fewer than 50 uniformed men, but overseas defence contractors employing several thousands recruited, specially from the services for the job. For the Army the main programme is the mechanisation of two of the five established brigades which are being supplied with 150 M60 tanks and 1,100 armoured personnel carriers.

At Tabuk in the north-west the French military mission is continuing to train Saudi Arabia's existing armoured brigade which has now taken delivery of over 300 AMX-30 tanks. France has also sold artillery to the Army. Meanwhile, Britain is fulfilling an order for some 250 Scorpion light tanks.

Modernisation

The U.S. military mission is supervising the Vynel Corporation's contract for the modernisation of the National Guard. Pakistanis and Jordanians as well as 1,000 or so Americans with a military background are involved in the programme, under which four of the force's 20 battalions are being supplied with V-150 armoured cars and Vulcan anti-aircraft guns. In its own smaller way the British military mission established in the 1960s is still active. Set up originally as a counter-weight to the conventional army and made up mainly of fiercely loyal and zealously religious elements of Bedouin origin, and once commonly referred to as the "White Guard," the National Guard is an entity separate from the rest of the armed forces, but in the event of hostilities it would play a complementary, coordinated role in support of them.

Saudi Arabia is now committed to the Hawk as the main weapon in its anti-aircraft deployment. Raytheon is now replacing an earlier version with a more modern one following the signature of a $1bn.-plus contract in January under which the American company will undertake construction work, training and maintenance over a five-year period. (Unlike the other American defence agreements the Raytheon one differs in that it is on government-to-contractor basis). Deliveries began last autumn but this month the deal came under fire again from the pro-Israeli lobby in Congress. The Kingdom may diversify its sources of supply, with orders for the low-level French Crotale and British Rapier missiles evidently in prospect.

The value of the work is expected to be in the £700m.-£1bn. range, depending on what is included. One hope is that the U.K. will be invited to assist with the setting up and running of the new King Feisal Air Academy. Beyond the scope of this deal, BAC and Rolls-Royce (1971) have been discussing a project with an estimated cost of £1bn. in which the Saudis are said to be keenly interested, for the maintenance and overhaul of aircraft engines and the provision of training for Saudis in these skills. Indeed, major orders worth $5bn. or more may be currently open for competition.

As it is, however, the U.K.-installed air defence system has been effectively replaced by an American one designed by Lockheed. The U.S. also appears to have cornered the market for strike aircraft, with the Northrop Corporation earlier awarded this year a $1.5bn. support services and training contract for the 110 F5E fighters previously ordered.

Saudi Arabia's first modern air defence system was set up under the £120m. contract signed in 1967 by the U.K. consortium composed of Airwork Services, the British Aircraft Corporation and Associated Electrical Industries. Following Saudi complaints about the management of the contract it was superseded in 1973 by a new £250m. deal on a government-to-government basis with BAC as the main contractor responsible for training and maintenance as well as certain infrastructure development and other services including the operation of hospitals, but not the provision of new hardware.

About 2,000 men (fitters, engineers, instructors, administrators and medical staff) are engaged on the various projects in Riyadh, Dahran, Jeddah, Khamis Mushayt, Tabuk and Taif. The two squadrons of Lightnings ordered in 1967 remain Saudi Arabia's full complement of interceptors, while 30 BAC Strikemasters are used for the basic pilot-training programme centred on Riyadh. A further extension of the expiring agreement for a further five-year period from 1978 to 1982 is in the final stages of negotiation.

These are probably as much as Saudi Arabia can absorb at the present time. BAC has interested Saudi Arabia in the Jaguar fighter-bomber which has a superior performance and is easier to operate. But having committed itself to the F5E programme the Kingdom appears to have decided that its air force will have sufficient aircraft of this generation. Last year the U.S. Defence Department advised that the F-14 and F-15 were too sophisticated for Saudi Arabia to contemplate yet. As a result of Congressional pressure, meanwhile, the order for Maverick air-to-ground missiles was cut from 1,500 to 650 and Sidewinder air-to-air missiles from 2,000 to 850.

Naval

The Saudi Royal Navy is the youngest of the Services and being built virtually from scratch under a package agreement reached with the U.S. in 1974. Actual orders for vessels are limited to a reported half-dozen missile patrol boats to add to the two Jaguar-class ships already possessed, tugs and landing craft. In terms of outlay a much bigger preoccupation is construction of extensive facilities at Jubail and the two naval bases on the Gulf and the Red Sea believed to be at the same sites where the U.S. Corps of Engineers is developing ports specially to handle goods needed for projects which it is supervising.

Originally, the programme was estimated at a mere $150m. but by the end of last year the figures had escalated to over $2bn. The development appears to have been an important factor in generating resentment against "inflated bids." Indeed the Corps has been generally under fire for raising its initial estimates and being too "expensive" as a consultant. Whatever the value for money paid for the naval programme, Saudi Arabia may get a better integrated, albeit embryonic, service than it has in its ground and air arms, where until recently actual orders are said to have been too open to various influences in the ruling hierarchy.

For Saudi Arabia there was bound to be a high degree of trial and error. Regardless of foreigners' profit margins fulfilment of defence capability inevitably will be an expensive business given the component accounted for by training and infrastructure.

Richard Johns

Saudi Arabia's main economic aims at present are to reduce the high rate of inflation while removing such bottlenecks as port congestion and manpower shortages. The longer term aim of converting paper wealth into tangible assets is slowly being carried out.

The economy . . .

PROBABLY THE most significant fact to emerge in recent weeks about the Saudi economy is that during the last financial year (ending June 27, 1976) the Government's actual spending not only showed a 121 per cent. increase on that of the previous year but also amounted to more than three-quarters of the Kingdom's revenue. Saudi Arabia is thus spending its revenues at a much faster rate than was originally expected after the oil price revolution. But while there has been a spectacular upsurge in economic activity in the past three years a large part of the increased spending is accounted for by the kingdom's recent very high inflation rates.

So it is not surprising that with the prospect of reserves growing more slowly and the cost of development projects mounting the Government has deliberately set out to slow down the increase in its rate of spending in the economy without losing sight of the ambitious goals of the Second Development Plan.

According to a recently published estimate by the Saudi Arabian Monetary Agency (SAMA) the Kingdom spent SR77.5bn. ($21.8bn.) during its fiscal year, which corresponds roughly to the Gregorian year July, 1975 to June, 1976 (the Hijri year is 10 days shorter than the Gregorian year). Because of the drop in oil income caused by the world recession, total revenue, at SR101bn., was about SR9bn. less than had been anticipated. The position was strikingly different from the previous year, 1974-75: whereas revenue was about the same, at SR100.1bn., actual expenditure was only SR35bn. This was, however, nearly double the spending achieved in 1973-74 which amounted to SR18.6bn. (compared with total revenue of SR41.7bn.).

BASIC STATISTICS	
Area	865,000 sq. miles
Population	8.97m.
TRADE (1975)*	
Imports	SR27.0bn.
Exports	SR100bn.
Imports from U.K.	£200m.
Exports to U.K.	£357m.
TRADE WITH U.K. (1976)	
Imports	£400m.
Exports	£978m.
GNP	SR82.5bn.
TRADE (1974)*	
Imports	SR14.6bn.
Exports	SR123bn.

* Ministry of Finance and National Economy estimates.

Currency: Riyal £1=SR6.06

Saudi Arabia's national finances are now of course very different to their state before the 1973-74 oil price rise. Revenue in the three years 1970-71 to 1972-73 totalled SR34.3bn., considerably less than that of the first year of substantially higher oil prices, while spending grew slowly from SR6.2bn. in 1970-71 to SR10.1bn. two years later. The Kingdom's revenue surplus totalled about SR10.5bn. over the three years, but in 1973-74 alone amounted to SR23.26bn., before climbing to the massive total of SR65bn. in 1974-75. In the last financial year, however, the revenue surplus dropped, according to SAMA, to SR23.6bn.

For the current financial year Saudi Arabia has budgeted to spend exactly the same amount (SR110bn.) as it projected to spend in the previous year. Coupled with measures to reduce inflation the new budget clearly reflected the government's desire to curb its spending and to keep expenditure within the limits of the anticipated income, about 90 per cent. of which (SR99.5bn.) was expected to come from oil. No information is yet available on government spending since July 1976, but senior officials claim that the rate of increase has slowed down, and there have definitely been cutbacks in project spending.

But the Kingdom's revenue will be substantially greater than originally expected because of the 5 per cent. oil price rise implemented by Saudi Arabia after the OPEC meeting in Qatar in December, the lifting of the 8.5m. barrels per day production ceiling and the high rate of oil production achieved in the fourth quarter of 1976 as oil consuming countries stocked up ahead of the price rise.

Curiously the total of allocations for spending ministry by ministry adds up to SR131bn.—so the stated spending figure of SR110bn. appears to represent a determination to keep spending down.

The budget came as one of several measures designed to reduce inflation and ease the pressures on the economy. The most obvious sign of these pressures was congestion at the ports, but the shortage of housing and the need to import manpower also had a crucial effect on pushing up prices and raising the cost of projects. It is not possible to measure Saudi Arabia's inflation rate with any accuracy: the official cost of living index applies to urban households with an income of between SR600 and SR900 a month, such people do not exist any more in Saudi Arabian towns, at least, with even Ethiopian maids able to earn as much as SR1,500 monthly. But rough guesses put the inflation rate in 1975 at as high as 40 per cent. for the average consumer, while it may have reached 50 per cent. last year.

A concerted attack on port congestion was launched last year and largely succeeded, and the housing shortage is easing. The inflation rate is certainly lower than it was last year and though the state industrialisation projects listed in the Second Development Plan (which began in July 1975) have not been abandoned, the government is giving priority to the development of the infrastructure.

Bottlenecks

To a considerable extent, the Government has relied on the private sector, using funds which effectively flow from Government coffers, to free some of the bottlenecks in the economy, notably in housing. The growth of the Saudi private sector is one of the more encouraging developments in the economy, partly because it has a dynamism which the Government can rarely match and partly because it shows that the Government's policy of spreading its petrodollars among the population through the private sector appears to be working.

In real terms Gross Domestic Product in 1975-76 grew by about 9 per cent., the growth rate for the non-oil private sector (30 per cent. of GDP) is estimated at 16 per cent. Because of the stagnation of prices and production, oil (56 per cent. of GDP) achieved a growth rate of only 2 per cent. The Government non-oil sector (14 per cent. of GDP) achieved the highest growth rate, at 24 per cent. The fact that the non-oil GDP (Government and private combined) has registered increasingly fast growth rates in the past three years indicates a shift in the economy away from oil.

Measured in current prices, GDP, which increased by 36 per cent. in 1974-75, rose by 16 per cent. in 1975-76 to an estimated SR156bn., the slower growth rate being largely due to the slow expansion of the oil sector. But some idea of the soaring growth of Saudi Arabia's wealth in monetary terms can be gauged from the fact that at the beginning of the decade its GDP at current prices was only SR17.3bn.

Since the 1973-74 oil price rise imports have inevitably grown considerably faster than exports. According to IMF Direction of Trade statistics, accepted by SAMA, the Kingdom's import bill rose from SR8.5bn. in calendar 1973 to SR14.6bn. the following year, and in 1975 more than doubled to SR27bn. Unofficially imports in 1976 are estimated by SAMA at SR44bn. These figures partly reflect the rise in world prices for which the oil price rise was responsible to a major degree, and they would no doubt have been higher still had it not been for the difficulty of actually importing goods through the Kingdom's congested ports.

Oil exports declined in value between calendar 1974 and 1975, falling from SR133bn. to SR101bn., though the Government's oil revenue rose because of higher tax and royalty payments. Although other receipts increased, the balance of payments current account surplus fell by SR21.6bn. from SR79.1bn. in 1974 to SR57.5bn. in 1975. Receipts were boosted by slightly increased revenue from the Haj, and under the heading "miscellaneous receipts," consisting mainly of earnings on investments abroad, the Kingdom's income more than doubled from SR4.7bn. to SR9.7bn.

On the payments side, investment income payments virtually halved from SR24.7bn. to SR12.6bn. because of the absence of the windfall profits registered by Aramco from the oil price rise in the previous year. But there was a near doubling of the outflow under the "other services" heading, rising from SR2.6bn. to SR4.5bn., representing remittances by foreign workers in the Kingdom, of which Yemenis are thought to have remitted the major part.

Another item which increased markedly between 1974 and 1975 was government expenditures abroad. Up from SR7.4bn. to SR11bn. in that year, they represent not just government payment for services but—as the main component—the increased flow of aid to Arab and other countries. The figures appear to conflict with those presented by the Ministry of Finance (which claimed almost SR20bn. in aid for 1975), but the discrepancy is probably accounted for by the fact that some of this sum includes the capital of the Saudi Fund for Development, little of whose wealth has so far been disbursed, and other sums committed but not disbursed. Nevertheless the Kingdom appears to be devoting one-tenth of its reven aid, as it promised to do the Second Development

Though the balance ments surplus on account is declining, the dom's external reserve still immense, and are i in. According to the Saudi Arabia's reserv foreign exchange and gol at $26.68bn. at the end November. The Kingd well ahead of the U.S. level of its official reser some way behind West G whose reserves total $36bn.

Reserve

However, two im qualifications should about the Saudi reserve First, because of the narrow definition of national liquidity used IMF, the official figure understates the Kingdom financial assets: the K has diversified into long assets in the past two ye the IMF figures do n into account loans made aid programmes. assets are estimated siders to total som between $50bn. and Second, and more im the Saudis view their assets as being of economic value to the at the moment only a tion of them can be spent the Kingdom. Saudi ambition is not to acc immense reserves but vert its paper wealth assets inside the Kingd is an ambition which slowly being accomplish

James B

SAUDI FISCAL YEAR

Begins in Rajab the seventh month of the Lunar Hijri year and ends in Jumad Thani of the following year. The Gregorian equivalents for recent years up to the present one are as follows:

1390/91: From 1 September	1970 through	21 August	1971
1391/92: From 22 August	1971 through	11 August	1972
1392/93: From 12 August	1972 through	29 July	1973
1393/94: From 30 July	1973 through	19 July	1974
1394/95: From 20 July	1974 through	9 July	1975
1395/96: From 10 July	1975 through	27 June	1976
1396/97: From 28 June	1976 through	17 June	1977

GOVERNMENT FINANCE
(Billions of Saudi Riyals)

BUDGET ESTIMATES	1975-76	1976-77	ACTUAL 1975-76
TOTAL REVENUE	95.84	110.93	101.17
Oil revenue	86.96	99.50	95.04
Other revenue	8.87	11.42	6.13
TOTAL EXPENDITURE	110.93	110.93	77.48
Recurring expenditure	36.55	36.50	*32.98
Project expenditure	74.38	74.43	†44.50

* Residual including SR13.96bn. to Government-sponsored credit institution. † Including SR3.0bn. transfer to Public Investment Fund.

Source: Ministry of Finance and National Economy.

. . . and its bottlenecks

THE STRENGTH of the Saudi economy, both now and in the foreseeable future, is in its ability to greatly increase oil production—a power which it is now demonstrating, though only to a small degree of its full potential. Its weakness lies in the fact that only since the beginning of the decade has finance for a concerted development effort been available. Despite some achievements under the first five-year Development Plan, which was implemented from 1970, Saudi Arabia was still desperately underdeveloped when the oil boom came.

The twelvefold increase in the Kingdom's revenue which took place between 1970 and 1975—the greater part of the acceleration occurring of course after the 1973-74 oil price rises—ruthlessly exposed the inadequacies of the economy's infrastructural base. After the oil price rise it was inevitable that the country's two main ports, Jeddah and Dammam, would become heavily congested, since they were designed for a much smaller throughput of cargo than was suddenly forced upon them, and had anyway found it hard to cope with the level of pre-oil boom freight: last year ships were waiting several months for berths at both ports, and the number of ships in the queue ran into hundreds.

But probably the Kingdom's most serious economic weakness, and the one which will take longest to overcome, is the shortage of manpower. The consensus of estimates suggests that there are only about 4m. settled Saudis in the country, though in addition there are probably about 1m. Yemenis who have entered the Kingdom without passports and have effectively been absorbed. But of this resident population only about a quarter is generally considered literate, and many of those who have education or professional training lack experience. Nowhere does the weakness show up worse than in the country's administration where a few highly able and experienced officials are hampered by a dire lack of effective talent at the middle levels of the hierarchy.

Development

But it remains an article of faith with the government that all of the Kingdom's revenues, barring 10 per cent. allocated to foreign aid, should be spent on a massive development effort, and the country's Second Development Plan, which came into effect in mid-1975, envisages spending $142bn. To achieve its development target the plan envisages importing half a million foreign workers, bringing the officially-stated total of foreign labourers in the country up to 812,000.

Even if the figure of 500,000 extra foreigners is regarded in Government circles as something of an overestimate there has already been a vast influx of labour into Saudi Arabia, officially unquantified: it ranges from professionals both from the Western and Arab world down to skilled workers and simple labourers, from Asia, the Middle East and Africa. Though the objective in importing labour is to relieve the pressures on the economy, the process is a vicious circle since the foreigners themselves put immense strain on the economy. One of the worst pressure points has been accommodation, with sums of SR150,000 a year being asked for three-bedroomed villas in Jeddah at one point last year.

The result — demand outrunning the supply of almost all goods and services — was, naturally enough, a very high rate of inflation, which has been hard to quantify because it consists not so much of a general rise in prices as of a series of wild upward rushes in the prices of specific items, caused by sudden and not always foreseen bottlenecks and shortages. Even businessmen with wide experience of oil exporting countries since the oil boom cannot fail to be shattered by, for example, the incredible difficulty of flying between the Kingdom's three main centres, Riyadh, Jeddah and Dhahran, and the grotesque prices charged for the country's few, and generally shoddily serviced, hotel rooms.

Inflation is driven by government spending which not only creates government demand for goods but also causes a steep rise in private sector liquidity, generating private demand for development as well as consumer items. The money supply, as constituted by currency in circulation plus private sector bank deposits, is estimated to have risen by about 57 per cent. in 1975/76 following high growth rates of about 40 per cent. in 1973/74 and 61 per cent. in 1974/75.

Last month the former West German Finance Minister, Professor Karl Schiller, presented the Government with a report prepared with the help of a team of West German experts loaned by Chancellor Helmut Schmidt on how inflation might be reduced. There are already signs that the inflationary pressures on the Saudi economy may have peaked last year. Along with a vigorous attempt in last year's budget to slow down the rate of increase of government spending, there has been a concerted attempt to clear the worst bottleneck—at the ports.

British companies, Gray Mackenzie at Jeddah and a joint venture between Scruttons and the Mersey Dock and Harbour Company at Dammam, came in to speed up the handling of cargo and improve management; stringent measures were taken to force merchants to remove their goods from the wharf and, as a spectacular if now uneconomic demonstration of the government's determination to end congestion, cement ships at Jeddah have since last May been unloaded by helicopter.

After initial teething troubles the measures proved effective and the number of ships waiting for berths at Jeddah has reached manageable proportions, while congestion is near to being cleared at Dammam. But until new berths come on stream both at these ports and at others, as they will over the next five years, there is a danger of revived congestion as imports increase with the constant, if slower, rise in development spending.

The pressure on housing has now eased slightly, as is shown by the fact that landlords, some of whom appear to have forgotten some important Islamic values in their scramble for high rents, have had to start advertising properties again. From this month companies bringing labourers into the Kingdom are required to build accommodation for them on land previously undeveloped as part of their contract obligations, and should not rent existing houses or offices in town centres. But probably the most important factor in the easing of pressure on rents has been the work of the private construction sector in building at least 50,000 new villas in the past two years, mainly with low cost loans from the Government's Real Estate Development Fund.

Response

In response to the challenge, private sector industry has developed to produce such items as cement blocks, crushed aggregate and tiles, as well as metal products. About two thirds of the Saudi Industrial Development Fund's loan to industry have been committed to the building meterials and metal products sectors (almost SR1bn.) and since the loans carry only a two per cent. "service" charge there is considerable incentive to Saudi businessmen to develop industry, albeit of a short term nature in the case of construction. Already the issuing of licences for the manufacture of cement blocks has ceased for fear of overcapacity.

The government itself says that the time limits for the completion of the Plan, which includes the construction of industries to make the Kingdom less dependent on oil as well as the installation of an infrastructure, has only been extended, and that the targets and priorities remain the same.

But there is no let-up in the pressure on institutions such as the SIDF to speed up disbursements to the private sector. This reflects not just a desire to spread oil wealth by encouraging enterprise but also the realisation by the authorities that the private sector has a dynamism and flexibility which is generally lacking in government. The private sector recruits some of the Kingdom's most talented people by means of high rewards and satisfying work. It can easily make up deficiencies in management experience with recruitment of expatriates.

In contrast to the private sector's impressive house construction performance the State's plan to construct 59,000 homes during the next few years which should have begun more than a year ago, has yet to show any progress at all, despite some false starts. The State should be providing houses for low income groups—the private sector has, naturally enough, concentrated on high income groups who offer an almost instantaneous paying off of capital costs. The Plan states that one of its principal social objectives is to assure all Saudis an "adequate, dignified minimum standard of living: levels above this minimum will continue to be the reward of individual effort and achievement".

While the latter part of this objective is doubtless being fulfilled (as the growth o sector GDP shows) th requires social admi of a high calibre. So cies are not just a letting contracts for ne and houses (though t times appears to be enough); it also officials prepared to enforce rent and price and arrange housing Saudis whose homes h destroyed to make way roads or other develo With the administrati straints faced by the K it has not been possi quately to fulfill this

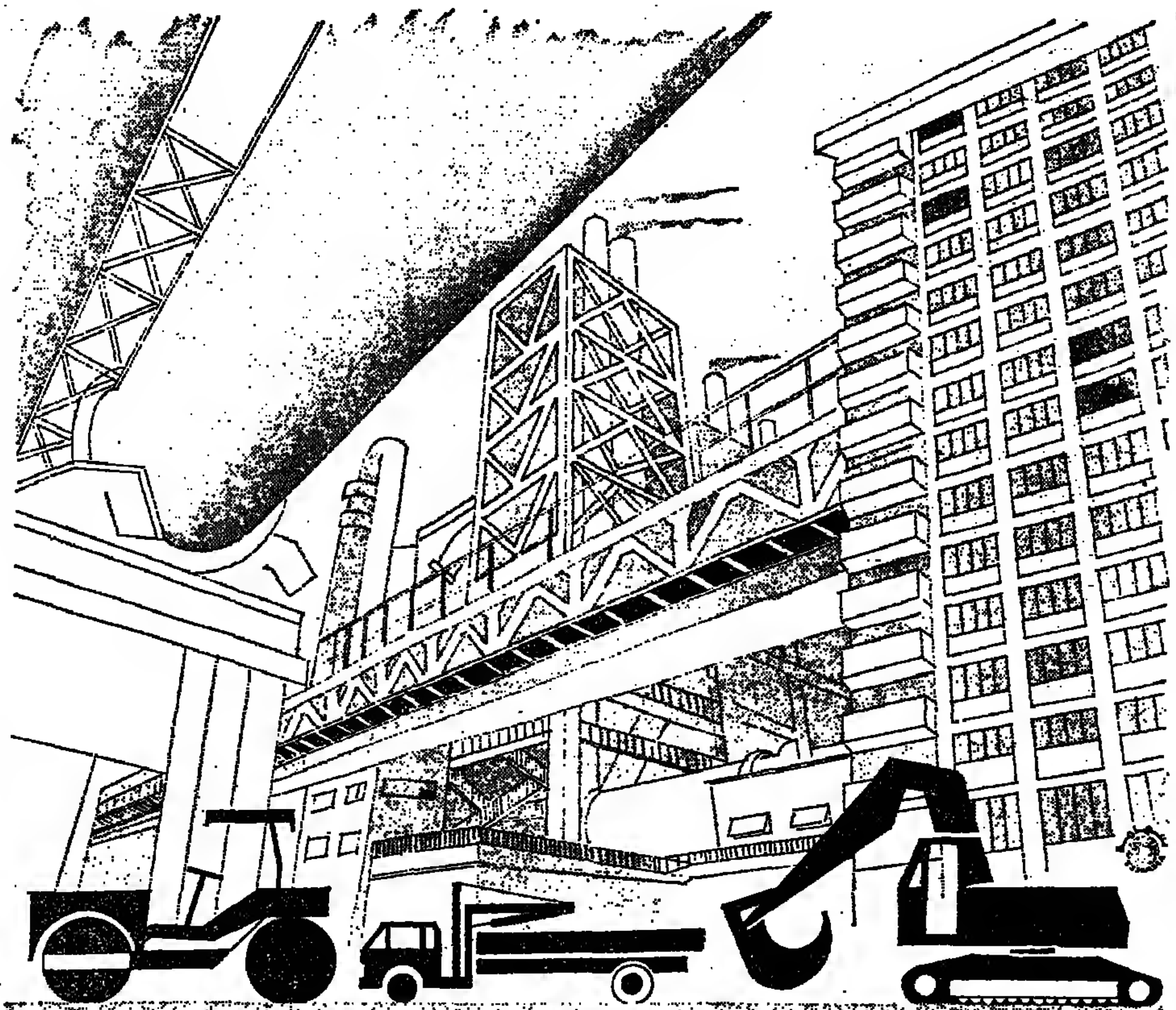
The Government is deeply concerned ab effect inflation is havin weaker members of th community, though it yet found a satisfactory protecting them from it Saudis in Government often find it hard to ke with inflation (for exam may no longer be able drivers for their wives themselves may not driv sidies and the reduc duties has had some e prices, but probably ha yet more spending p chase a limited supply o

This makes the need duce inflation by eas pressure on supply all th important, but the Gove faces simultaneously th to maintain the pace o ment while realising velopment must take pla reasonable price. He recent angry rejection ders for electrification which it considered overpriced, and its drive to negotiate new c with Indian, Pakistani a East Asian contractors prices. The Government tant to allow cost es clauses in contracts s argues plausibly that it have the capacity to mon rise in costs both in the dom and the suppliers tries. But this present panies with the almost able difficulty of accurat mating a price to cover duration of the contract.

Non-Saudi observers that in certain cases co have been known to ma cost projections, allow selves excessive profit and pay very high c sions to intermediaries Faisal Beshir, the Planning Minister, belie the Government's actio demonstrated at a stro Saudi Arabia is not treated as "easy me profiteering businessmen payments to middlemen future achieve nothing a the cost of development contained within rea limits, so that the Kin eventual industrial proje not be grossly unec

It is certainly not imp for the Government to inflationary expectations stroke by what is in e price freeze on contracts key to Saudi Arabia's inflation policy rests Government's control o spending. Professor S reportedly believes th Kingdom is taking the course, but it is obvious observer that this requires resisting the tion to monetise the increasing oil revenues as they grow.

هكذا من الأصل



Saudi Arabia is generous with the financial aid it gives, both to other Middle Eastern countries such as Egypt and Syria, and outside the area to, among others, Somalia, Pakistan and Sudan.

Aid projects

THOUGH Saudi Arabia is a firm believer in the thesis—as enunciated in the North-South dialogue—that the industrialised countries have a responsibility to disburse far larger sums of aid than they do, the Kingdom has in the past three years established a record of generous assistance to Third World countries. It is possible that its disbursements may approach the 10 per cent. of revenues target set in the Second Development Plan.

Official figures suggest that sums of money *committed* in aid amounted to nearly 14 per cent. of Gross Domestic Product in 1975—a total of almost SR20bn., of which SR4.7bn. was described as bilateral grant aid and about SR7.2bn. as bilateral loans. Contributions to international and regional institutions accounted for the remaining SR7.9bn. However, actual disbursements are considerably lower, the total of government payments overseas (of which aid made up the major part) adding up to SR11bn. in 1975. But it would be reasonable to suppose that up to the equivalent of $2bn. may have been disbursed in 1975, and the total has naturally increased since.

The Kingdom's performance is the more striking when it is remembered that Saudi Arabia only began giving aid on any scale in 1973, its financial circumstances until then having been much constricted. From 1967 to 1973 its aid amounted to little more than an annual subsidy of less than $200m. paid to Egypt and Jordan under the Khartoum agreement of August 1967. It was not until 1974 that Saudi Arabia joined the Arab Fund for Social and Economic Development, which is based in Kuwait and disburses aid on a multilateral basis to Arab countries.

Surpluses

Since the Kingdom began accumulating large surpluses the sums committed in various forms of aid have increased by leaps and bounds. According to Ministry of Finance figures the total was SR917m. in the Hijri equivalent of 1972, SR3.5bn. in 1973, SR14bn. in 1974 and nearly SR20bn. in 1975, making a grand total of SR39bn., or about $11bn., for the four-year period.

The crude figures disguise a rough order of preference and magnitude of sums involved which, predictably, runs as follows: first, the front-line Arab countries; second, other Arab states; third, non-Arab Islamic states; and fourth, other deserving nations. Within the Arab world Saudi Arabia, as the wealthiest country, naturally wants to make the most of its political influence, though the extent to which aid is used as a tool to achieve political ends can be exaggerated.

There is no evidence that Saudi Arabia actually cut its aid to Syria in the middle of last year, as has been suggested in some quarters, in disapproval of the Syrian regime's policy in the Lebanon and anxiety to bring about a rapprochement with Egypt. The flow of Saudi aid, it should be said, is affected by bureaucratic constraints like nearly everything else in the Kingdom and there has been no regular *pattern* of payments.

Both Egypt and Syria like there to be a little uncertainty over the precise amounts of aid each of them receives, but both countries have benefited substantially from Saudi Arabia, as well as from the other Arabian peninsular countries, since the 1973 war. *Apart* from outright grants and subsidies both Egypt and Syria have received project finance from the Saudi Fund for Development which was established in 1974 and began operations the following year. Among several projects which it is sponsoring in Egypt is the *rehabilitation* of the Suez Canal, while the SFD last year committed SR265m. to port, road and hospital developments in Syria. Jordan is a major beneficiary and Saudi Arabia is naturally contributing to reconstruction in the Lebanon.

In the Arabian peninsula the establishment of diplomatic relations with the People's Democratic Republic of Yemen has been followed by the commencement of a flow of aid, so far difficult to quantify; but the authorities in Riyadh have not forgotten their traditional friends in North Yemen, whose annual grant from Riyadh (exclusive of project finance) has reportedly been stepped up from SR285m. to SR345m. Saudi Arabia has also agreed to pay North Yemen's $1m. share of the capital of the Arab Investment Company, the multinational government-owned joint venture which North Yemen is shortly to join.

As in its policy towards the PDRY, which is partly inspired by the desire to weaken Soviet influence at the entrance to the Red Sea, Saudi Arabia is now trying to obtain greater leverage in Somalia, with drought relief and, it is believed, budgetary grant aid. Somalia is a member of the Arab League.

In the past year-and-a-half Saudi Arabia has probably overtaken Kuwait as the principal benefactor of the Sudan. It apparently finds little that it dislikes about the regime of President Jaafar Mohammed Nimairi and has become heavily committed to agricultural projects in that country, notably the Rahad Irrigation scheme. It is also believed to have given short-term balance-of-payments support and is financing a scheme to replace the armed forces' worn-out Soviet transport equipment with West German imports.

In the Maghreb Saudi Arabia is giving assistance to Tunisia—a SR105m. loan towards a sewage scheme in Tunis was one of the first agreements signed by the SFD—and to Morocco and Mauritania.

Probably the non-Arab Islamic country which has done best by Saudi Arabia is Pakistan, to whom King Khaled granted a further $30m. at the end of a visit there last October. Saudi Arabia is likely to draw an increasingly large number of workers from Pakistan. Other countries in the Islamic bracket include Indonesia and Malaysia in Asia, and many of the Muslim countries in Africa, notably Mali and Niger, are undertaking development projects with Saudi finance. The existence of a Muslim minority in Uganda has no doubt helped Field Marshal Amin to secure Saudi finance for agricultural *and livestock projects.*

A characteristically Saudi policy is the one whereby Muslim populations in Africa and Asia are to benefit from the construction of mosques financed by the Kingdom; some of these mosques will be among the largest in the countries in which they are being built. Saudi Arabia is also financing mosque building in Arab countries; in Sharjah, for example, which is a minor oil producer, a very elaborate one is to be erected. Saudi Arabia has also contributed to the building of the new mosque in Regents Park in London.

Generosity

Enlightened self-interest may be detected in the giving of Saudi finance to road and port schemes in South Korea, from whom the *Kingdom* draws some of its hardest working labour. Other non-Muslim countries to benefit from Saudi Arabia's generosity are Congo-Brazzaville, and Guinea-Conakry, where an aluminium development scheme is under way with Saudi help. Brazil and Ecuador have also had outline commitments for finance.

Saudi Arabia disburses aid through a variety of organisations of which the biggest in the size of disbursements is the Ministry of Finance itself. The SFD, despite having made agreements and commitments totalling at least SR6bn.), has probably only disbursed a relatively small amount so far, perhaps SR300m. This is for the very good reason that development projects take time to get underway and the Fund only pays against receipts for goods and services.

With a staff of only about 70 people the Fund relies heavily on the advice of other development organisations, including the Arab Fund, the World Bank and the Asian Development Bank, both in assessing projects and in monitoring their implementation. In just over two years of operation the Fund has signed 36 loan agreements. In gross terms about half its commitments of finance (about SR3.5bn.) are in the Arab world. Its paid up capital of SR6bn. is shortly to be raised to SR10bn.

Other institutions through which aid is disbursed include the Islamic Development Bank, which is based in Jeddah and numbers Saudi Arabia among the most influential of its 27 members. It made its first loan last winter — the sum of 6m. Islamic dinars being lent to Cameroun to assist in building a hydroelectric power station. An Islamic dinar is the equivalent of one SDR. The Kingdom contributes to such institutions as the Arab Bank for Economic Development in Africa and the Organisation of Arabic Petroleum Exporting Countries' current aid fund for oil-less Arab States.

Saudi Arabia gives or lends finance to such international organisations as the World Bank and IMF's recycling funds, and the UN's Food and Agriculture Organisation.

Against the sheer size of the funds committed and the number of countries with which Saudi Arabia has concluded aid agreements in a very short time should be set the fact that funds do not always flow as smoothly as might be expected. Few if any countries can count on getting regularly from Saudi Arabia what many of them need most—current account balance of payments support.

But while deeply committed to the betterment of Third World countries Saudi Arabia understandably takes t… that as a Third World itself, it does not want its own assets depleted. Much of its aid is reg… a form of investment, i… term one, and the… genuinely feel that it is developed countries, rat… the rich underdevelope… tries, whose aid cont… should be the most gen… proportion to GNP. Arabia and France … originally suggested … ference on Inter… Economic Co-operation has so far made only progress towards a… acceptance of a new economic order.

Riyadh is the headqu… an Arab organisation—… Investment Corporation —whose aims are in… that school of officia… thought which believes Kingdom should mak… investments which offe… mercial rate of return Arab countries. Fourte… States, including all the… ducers, and deficit count… the Sudan and Egypt subscribed to its ca… $289.5m., of which 40… has been paid up. company's three large… are held by Saudi… Kuwait and Abu Dha… Iraq coming next. Its… go into partnership with… ments and private inter… using Western technic… tance to develop the resources of, generally… the poorer member…

Biggest

The company has a… the Kenana Sugar co… the Sudan, which is… by Lonrho and aims t… of the biggest sugar… in the world. The AIC playing a major part… recent urgent discuss… the future of the proje… has hit heavy cost overr… it still has high confid… its long-term success… company is conte… projects in Morocc… interestingly in Syria… gradually rehabilitating… of the private sector… men and management.

The AIC's investment… the terms of its… immune to nationalisati… the end of last year,… ments of $197m… approved, of which $9… in loans and $101m… capital.

James …

FOREIGN AID COMMITTED BY SAUDI ARABIA ($m.)

	Bilateral grants	Bilateral loans	International and regional institutions	Total	(SRm. total)	Aid as per cent. of GDP
1972	143.1	77.8	—	220.9	(917)	2.7
1973	650.2	343.6	—	993.8	(3,528)	5.0
1974	1,130.6	747.6	2,203.3	4,081.5	(14,489)	12.4
1975	1,363.5	2,037.6	2,262.9	5,664.0	(19,994)	13.8
	3,287.4	3,206.6	4,466.2	10,960.2	(38,928)	10.6

Source: Ministry of Finance and National Economy.

Prices of tenders for contracts have been the target for much criticism in Saudi Arabia recently. The country still operates fixed priced contracts, but there are signs of a new measure of flexibility to take account of rising costs of labour and materials.

Contracts

SAUDI ARABIA'S curt and angry rejection last month of "inflated" bids by Western and Japanese companies for power projects at least released some of the pent-up resentment which has accumulated over the past year within the Government. Ministers and officials believe that leading companies have regarded the Kingdom, flushed with all its surplus revenue and hitherto committed to development at almost any cost, as an easy milch cow. In the past few months a feeling of exploitation has grown to be almost a paranoic conviction. Rejection of the tenders was a dramatic way of expressing it. To emphasise the Saudi view yet further Dr. Gazi al Gosaibi, Minister of Industry and Electricity, embarked on his Far Eastern tour to share out the projects among India, Pakistan, South Korea and Taiwan.

Although some warning signals could have been seen by a discerning eye, the rejection of the bids came as a shock. Of all the oil producers, the Kingdom has most readily recognised that the cost of its development was being pushed up as much by domestically generated inflation as by higher prices charged by suppliers. In disputing other OPEC members' calculations about the increased cost of imported goods and services, Sheikh Ahmed Zaki Yamani, Minister of Petroleum, said as much on more than one occasion towards the end of last year. There was, indeed, a frank awareness of the premium to be paid for rapid implementation of the second Five-Year Plan. Moreover it had made known its desire to obtain the best and its willingness to pay for it.

Dr. Feisal Bashir, acting Deputy Minister of Planning, says that the affair has taught the companies a lesson—and shown "we are not easy meat." The bitterness can be seen from his allegations of their greed and cheating through collusion. There has also been genuine bemusement about the extent of the gap between the estimates and the bids. Estimates drawn up by the consultants had already been revised upwards to take account of inflation. As it was, the lowest bid, by the Japanese, was about twice as much and the highest, by the consortium including GEC of the U.K., four times as much. "We are not expecting companies to come here and lose money, but we are asking them to be fair on profit margins," explains Dr. Bashir. However, the key question must relate to the extent of—and justification for—allowance made by foreign contractors to cover themselves against the risks arising from tough and inflexible contract terms, unforeseen eventualities and uncertainty about future rates of inflation.

Allowance

Saudi Arabia remains wedded to fixed price contracts, even if a small measure of flexibility has been shown since the middle of last summer. For instance, some allowance was made to take account of rising costs of labour and materials in the $944m. contract won by Hyundai, the South Korean company. The Belgian consortium led by Eurosystem Hopitalier was also granted an escalation clause based on certain indexation, making it possible for the price of its project for the building of hospitals and ancillary facilities to increase from $730m. to about $900m. over the 4½-year implementation. But fixed-price contracts remain the general rule.

Conceptually, the Saudi Government is opposed to the principle of escalation clauses, which are hard to formulate anyway because of the lack of reliable indices and which, it fears, would give an open-ended licence to contractors to raise the cost of projects. Apart from the big developments in the hydrocarbon field, where the actual cost escalation must have come as a shock to the Saudis, there has been an absolute reluctance to contemplate cost-plus contracts which would give companies a guaranteed return for their work. Administratively, anyway, the Government is not geared up for the accounting exercise involved in such a system.

Saudi contracts contain harsh penalty clauses but do not contain any allowance for *force majeure* or recognise the possibility that delays can occur for reasons beyond the control of the contractor. Almost invariably no provision is made for independent arbitration in accordance with the formula recommended by the Federation International des Ingenieurs-Conseil. This means that disputes would be normally referred to the Grievances Council, which has a reputation for finding the foreigner to be in the wrong.

Companies also face the possibility of changes in specifications which many contracts give the ministry concerned the right to make without any mention of compensation. They can lead to arguments and delays—thus increasing the possibility of penalty clauses being invoked. Bureaucratic indecision or inefficiency can result in hold-ups in execution. At the same time delays in progress payments, which are normally supposed to be paid each month, are a perennial hazard causing difficulties with cash-flow and the incurring of unplanned interest charges.

It is difficult enough to measure with any accuracy past inflation, which in the past three years probably amounted to 30-40 per cent. for the construction industry rather than the lower figures estimated by the Government. Calculating it three or four years ahead is an altogether more intractable task, although it should now be somewhat easier.

Accuracy

Theoretically, at least, contractors should be much better able to assess labour costs with much greater accuracy because they are obliged to import the men required for the project being undertaken. However, they say that despite such manpower being indentured, wage rates will still in practice have to be adjusted to going rates paid locally. Again, successful bidders for jobs worth SR100,000 or more are required to provide housing which they need and must now be in a better position to estimate its cost, especially now that the soaring price of real estate and housing has evened off or fallen.

Port congestion has been eased and, although it could become worse again, can hardly be as acute again as it was at the turn of 1975-76. Similarly, the cost of building materials, in which the Kingdom is building up a significant domestic capacity, should be much more stable.

Nevertheless, faced with the uncertainties, some contractors bidding for projects have allowed for an inflation rate of no less than 50 per cent. annually and—in the light of the last few years' experience—have taken too pessimistic a view. Sheikh Hisham Nazer, Minister of Planning, accuses them of having exaggerated working conditions and the effect of bottlenecks to inflate their costs "beyond reason." "Through publicity they have created fear in the minds of newcomers, who as a result have come to this country with false impressions," he adds. Moreover, they have added to their own problems by paying five or six times as much as they need for accommodation, according to Sheikh Nazer.

Undoubtedly, a large part of the indignation over the size of bids stems from the implied lack of acknowledgement of the Government's efforts to combat inflation. Understandably less has been said about the proportion of bids accounted for by commissions and other "grace-and-favour" payments. Not only is a foreign company required to have an agent by law, but it needs one to find its way through the administrative labyrinth; ideally it should have a local partner. Given the system, the agent earns a commission. It may have to be big enough to accommodate financially decision-makers and other sponsors. Yet the component accounted for by such payments can vary anything from 5 to 35 per cent., according to experienced observers. They say that no major project is awarded without a royal prince benefiting.

Formerly, the Government did away with agents and commissions for defence projects after the U.S. Senate revelations about payments received by Mr. Adnan Khashogi from Northrop for facilitating the supply of F5 fighter-bombers. The statement issued by the Council of Ministers following last month's decision on the power contracts implied that new regulations concerning agents assisting with bids for civil projects were under study. It criticised go-betweens for having convinced companies that projects could be obtained through personal influence regardless of cost or size, but endorsed their role in principle. If members are to be honest, there may be some heart-searching in the Cabinet on this question if a satisfactory solution is to be found from the point of view of the best value for money.

Payments

Foreign contractors are now much less daunted than they were a year ago by the guarantees demanded by the Government. The regulations are not peculiar to the Kingdom and have long been in force, but the difficulties were magnified by the sheer size of the contracts awarded as Saudi Arabia embarked on its Second Plan. Last summer the bid bond requirement (designed to ensure that those competing for projects were serious) was reduced from 2 to 1 per cent. of the total amount of the tender, and the performance bond (designed to ensure satisfactory implementation) from 10 to 5 per cent. Thus, the sums which banks have to guarantee on behalf of their clients have been reduced. However, they must still cover the 20 per cent. advance made by the Government to help with the costs of mobilisation (it can be as much as 30 per cent.) and also any bonds made to release the 10 per cent. of progress payments which are customarily retained by the employer.

A further measure of flexibility was shown in the contract for cleaning up the city of Riyadh won by the Pritchard Services Group of the U.K. in partnership with the Chicago-based company Waste Management Inc., which has 60 per cent. of the venture. In apparent recognition of the fact that the undertaking is essentially a service one, their 10 per cent. performance commitment has been split up on an annual basis in respect of each year's work—in effect, 2 per cent. for the full value and duration of the five-year contract. As it is, the local partner in a 50:50 Saudi-registered company has taken responsibility for Pritchard's obligations.

In recent times—to anyone's knowledge — the Government has not called in any bonds. Even so, and not surprisingly, this has hardly reassured banks about the guarantees for which they have had to take ultimate responsibility though until recently the actual bonds had to be provided through houses operating in the Kingdom. Earlier this year the Saudi Arabian Monetary Agency listed 45 approved international banks authorised to put up guarantees directly, merely paying a fee to a local one as an intermediary at a reduced rate—which should benefit their clients by reducing charges.

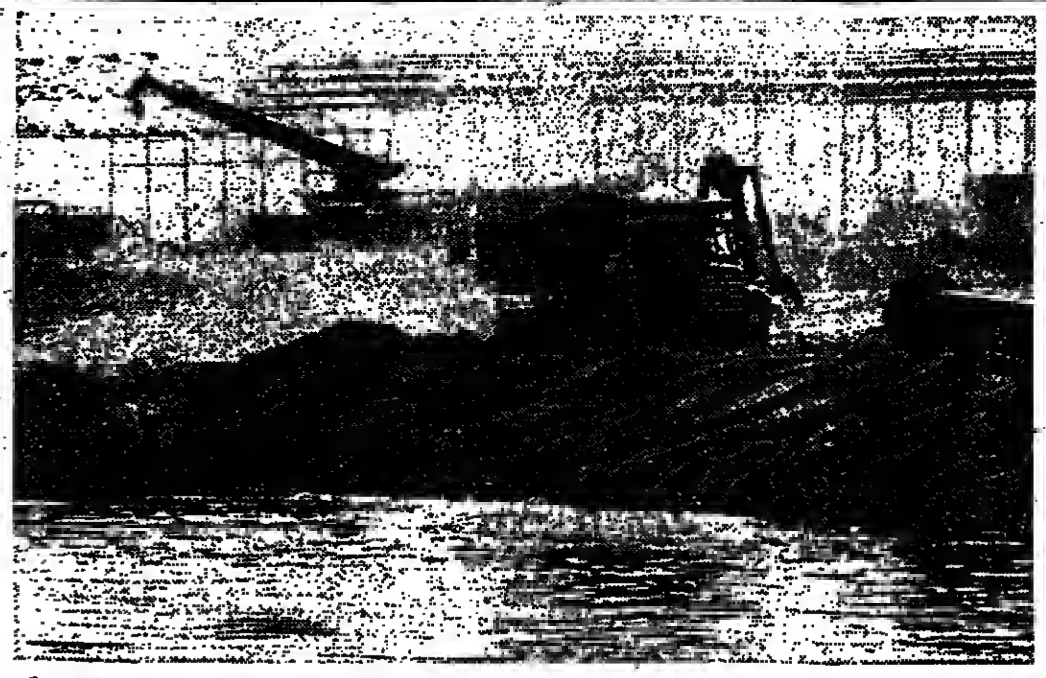
In the past French, Italian and other European companies were evidently less inhibited than their British and American counterparts, apparently because of closer organic links with their banking systems and more positive reassurances from the governments. The Japanese and South Koreans have had more full State backing. U.K. contractors' problems have been eased greatly by coverage provided by the Exports Credit Guarantee Department against arbitrary calling of bonds. Without similar support U.S. firms have been handicapped by the fact that amounts guaranteed count as credit, and under federal law no bank can make loans to a single customer exceeding 10 per cent. of its own capital.

In place of bank guarantees the U.S. Corps of Engineers evolved the use of a surety bond for one contract under its supervision, a method which, though more expensive in fees, would have eased pressure on overdraft facilities. The move was effectively nullified by new tender regulations saying the deposit of insurance certificates against performance would have to cover 25 per cent. of contract value. Meanwhile, federally chartered U.S. banks among the chosen 45 have not been able to put up guarantees directly because they are permitted to do no more than give stand-by letters of credit. A change in Saudi law will be required to make them acceptable.

Time only will tell whether Dr. Gosaibi's initiative in distributing the power contracts directly was designed primarily to administer a shock or is meant to signify a real shift of emphasis towards Asian contractors. South Korea had already established a major foothold in Saudi Arabia and won acclaim for the vigour of its hired labour. A major selling point in the Gulf region as a whole has been its ability to mobilise a superb workforce willing to live in primitive conditions for little pay as well as excellent organisation and sound engineering ability.

India, Pakistan and Taiwan can also supply cheap labour but may not be able to emulate South Korea in other respects. There is a possibility that they might have to seek some assistance from the original bidders—a significant portion of the value of Hyundai's port contract is expected to be absorbed by American orders. In more sophisticated areas of technology such as telecommunications Saudi Arabia will not be able to find what it wants in non-Japanese Asia. Nevertheless, Saudi Arabia has given notice that, while it may be prepared to pay 20-50 per cent. above the going international rates for projects 200-300 per cent. is too much.

R.J.



Levelling and reclamation work in progress at Jubail port. Consulting engineer for this commercial harbour development is Sir William Halcrow and Partners.

هكذا من الأصل

As befits one of the great nations of Islam, the home of the holy cities of Mecca and Medina, Saudi Arabia is an exemplar to the faithful in its strict religious observance and generosity to its fellow Muslims. On these two pages JAMES BEDORE, of the Institute of International Affairs, reviews the political, economic and social structure.

Pillar of Islam

SAUDI ARABIANS believe that the Koran is the directly inspired, literal word of God, transmitted through the angel Gabriel to the Prophet Mohammed. It is a highly detailed, rigid and emphatic document that lays down a way of life to be followed exactly if heavenly paradise is to be gained. Indeed, Islam means "submission"—submission to the will of God as laid down in the teachings of the Koran. Furthermore, the version of Islam practised in Saudi Arabia (Wahhabi orthodox within the "no frills" Sunnite Hanbali code) insists that all interpretations of the religion must be based on the decisions of the Prophet, his companions, and the consensus of the Moslem communities by the end of the 10th century; everything thereafter is subject to possible distortion.

Thus Saudi Arabia is by far the most conservative and orthodox of all Arab or Islamic States. The only truly comprehensive, codified and generally accepted law in force is the Sharia (religious) code, meaning the "path to God." Only very recently has it begun to be supplemented by decree law, based on decrees of the King to regulate problems not remotely dealt with by Sharia law, for example, assigning frequencies for radio and television broadcasting. While the absolutist nature of Sharia law served a useful purpose in halting the anarchy that characterised 7th-century Arabia, the conflicts that arise from a 10th-century law code governing a society of *1,000 years later* are immense. They cause considerable strain on a nation that has been generally sheltered from outside influences for centuries.

Authority

The King has all executive authority and fulfils three different roles. The first two, "Sheikh of Sheikhs" and "Immam," are traditional ones that permit him to function as leader of all Bedouin tribes and as religious leader. He thus becomes the court of last resort for matters both temporal and spiritual. The two positions impose duties which if the King fails to fulfil can bring his downfall; such duties include maintaining virtues such as courage and generosity, enforcing Sharia law and spreading the faith. The last places considerable pressures on any Saudi monarch not to be seen to be "giving in" on issues concerning the Israeli-Palestinian conflict. The question of who governs the city of Jerusalem (containing the third holiest shrine in Islam), for example, is a direct challenge to the King's role as Immam and a possible threat to his position.

The third role of "King" (Malik) is the much more modern, a civil one created when Abd al-Aziz unified the Kingdom in 1926. All the roles of a modern government leader are placed upon the monarch, including those of Chief of State and Commander-in-Chief of the Armed Forces. In this role he appoints a Council of Ministers (Cabinet) to assist him in governing the nation. The Council has so far been heavily *loaded with royal* brothers and other princes.

The Council's decisions take the form of recommendations to the King, who issues them as decrees. Decree law has not been codified, however, and there is no unitary judicial system to enforce it as there is with Sharia law. It *is* thus administrative law open to endless delay and varying interpretations in different parts of the country.

While the formation of a "consultative assembly" to bring younger, non-royal citizens of the Kingdom into the decision-making process was announced by Prince Fahd in 1975, nothing has since been implemented. This may be due in part from pressure exerted by both certain sections of the royal family and the Ulema, the chief religious leaders who serve as the link between the King (as Immam) and the people. They are charged with maintaining the purity of the faith and enforcing observation of the Sharia law. They tend to act as a conservative force on the Council of Ministers' attempts to modernise the Kingdom.

Their many marriage connections with the royal family, plus their religious role, give the Ulema great influence, one that would tend to lessen if younger and non-royal citizens were brought into the process. The political power of the Ulema was demonstrated when members of the royal family decided in the early 1960s that King Saud had to be deposed if the Kingdom hoped to be spared financial ruin and continued inept government. Crown Prince Feisel refused to depose his brother and assume the throne until twelve of the most distinguished members of the Ulema issued a formal legal decision condoning the change as a legitimate legal necessity to the survival of the nation.

The importance of the Ulema may be in decline, however, due to their reticence in finding or sanctioning interpretations of Sharia law that resolve the conflicts the modernisation process is imposing on increasing numbers of Saudis.

Shrines

Religion also gives the Kingdom important advantages in dealing with other nations. The two greatest shrines of Islam are in Macca and Medina, the birth and burial places of the Prophet. Every Moslem must, if physically and financially able, make a pilgrimage to Mecca at least once in his lifetime. As "keeper" of these holy places, the King *of* Saudi Arabia exerts considerable moral influence over the large numbers of nations that have predominantly Moslem populations.

Political leaders of these countries frequently pause when in the area to pray at the Great Mosque in Mecca; the King naturally meets them, thus spreading his name, picture and Saudi views on to front pages of newspapers and on television screens around the world. This moral leadership, coupled with Saudi Arabia's immense financial largesse to poorer Islamic States, and *its* previous *relative* non-involvement in the hotbed world of Middle East politics, has enabled it to exert great influence over present Arab leaders. There is a clear attempt just now to create the atmosphere on the Arab side whereby the Israeli-Palestinian question might be finally settled. It also permits a certain leverage when the Kingdom finds its views in conflict with allies—for example, the December 1976 OPEC 5 per cent. vs. 10 per cent. price rise decision.

Lack of manpower is one of the great deterrents to the Saudi attempt to modernise. The need to import half a million non-Saudis to help implement the $142bn. Five-Year Development Plan is likewise one of the greatest threats to the Saudi way of life—outside influences in such huge numbers naturally tend to bring rapid social change.

It is ironic, therefore, that religion is the great barrier preventing 50 per cent. of the available Saudi labour force from working—the women. Of the possible 1m. Saudi women of adult age, the Plan estimates 27,000 of them were working in 1975 and that only 48,000 would be working by 1980. Women may not work in public places and are not eligible for Government scholarships for study outside the Kingdom. Schools for girls, only started in the early 1960s, are increasing in number but remain under the control of the religious Ulema rather than the Ministry of Education. Curricula tend to emphasise religious values and the "proper" role of women. Ironies abound. Women are now permitted to study medicine at the University of Riyadh (eventually to treat women patients) but are not permitted in the same room with a male professor; all classes are via closed-circuit television. Teacher-training classes are operated the same way. The fact that women are not allowed to drive a car requires husbands to leave their job in order to deliver their children to and from school (bus services are almost non-existent and the "neighbourhood school" concept is not practical at this time).

Religious restrictions concerning usury inhibit the whole banking sector of the Kingdom. Commercial banks bend the law and charge a "commission" rather than "interest," and pay around 2 per cent. per annum to depositors holding *not more* than £8,300. The Saudi Arabian Monetary Agency (*the central* bank) or other Government bodies, however, cannot legally accept interest on money they lend.

Ingenious twists and turns of the law thus have to be tried, always with a degree of risk—the courts may strike down anything smacking of usury. The new Islamic Development Bank, for example, headquarters in Jeddah and capitalised in great part with Saudi money, is to be run on Sharia law principles. The Director of the Bank has announced, however, that only perhaps 20 per cent. of its business will be in "interest-free" loans. The remainder will likely be in the form of "free" or "limited" partnerships. If a lender becomes a partner, he or it can legitimately, under Sharia law, accept part of the profits of the enterprise!

Such machinations within business life in the Kingdom are common and are exacerbated by the lack of corporate law code. Attempts to form such a code have so far failed.

Other religious factors affecting business life include the right of any person to appeal an "unjust" decision as [illegible] a Minister or even the [illegible] (acting in his role of Immam [illegible] final arbiter of Sharia law) [illegible] closing of business for [illegible] minutes during prayer time [illegible] that owners can go to mosque and pray; a v[illegible] rather than a written tra[illegible] in corporate dealings, refusal to permit labour u[illegible] or strikes but failure to pr[illegible] sufficient government la[illegible] office personnel able to [illegible] quick decisions when a pr[illegible] arises or when someone [illegible] sacked. Then there is the slowdown of major bu[illegible] during the month of Ra[illegible] when all are fasting from [illegible] and *drink during* day[illegible] hours, and the disru[illegible] to business and economic [illegible] particularly on the West[illegible] during the month of th[illegible] grimage.

Perhaps the greatest [illegible] limiting development, ho[illegible] is the fatalist view of lif[illegible] permeates Saudi society [illegible] result directly to the [illegible] religious view that ever[illegible] is literally in the hands o[illegible] The telephone works, th[illegible] plane flies or the sick baby [illegible] or dies only "if it is the [illegible] God" (*in sha Allah*).

It is not a view conduc[illegible] the formation of a m[illegible] industrial society and [illegible] much ingrained in all asp[illegible] Saudi life. It also freq[illegible] serves as a convenient ex[illegible] postpone, delay or refuse [illegible] unpleasant work or [illegible] correct procedures.

Folklore

Saudi folklore also ab[illegible] with adages equating t[illegible] Western "haste makes w[illegible] theme, with few of the co[illegible] balancing "God helps tho[illegible] help themselves." These f[illegible] particularly when couple[illegible] a bureaucratic system mo[illegible] largely on that of Egypt [illegible] staffed by a high proport[illegible] non-Saudi personnel) ce[illegible] to make an extraordi[illegible] cumbersome *decision-*[illegible] process.

The most minor gover[illegible] decision is often subject [illegible] long procedure and needs [illegible] sanctioned at a very high [illegible] The bottleneck created is [illegible] tating and Ministers and [illegible] officials tend to spend [illegible] amounts of time on the [illegible] and the vital. Corruption [illegible] the picture because partie[illegible] pay those able to help [illegible] jump the queue to the top [illegible] bottleneck.

The pace of Saudi eco[illegible] life has changed dramat[illegible] The problem of reconciling [illegible] most Saudis believe [illegible] religious traditions wit[illegible] modernisation process re[illegible] attitudinal change, ar[illegible] pleasant, difficult and uns[illegible] process.

Social morals

IT MAY not be true that religion affects everything in Saudi Arabia, but it permeates all social relationships. Unlike several other Arab countries, the Kingdom continues to use a strict interpretation of Sharia law, rather than a civil code, to regulate marriage and family life.

There is no question that the Prophet substantially improved the role of women in the 7th century — a factor that undoubtedly helped him win converts to the new religion. At that time women were mere chattels to be bought and sold; infanticide of baby daughters was an accepted custom. Islam proscribed such practices and instituted a limit on the number of wives a man could have, imposed obligations requiring them to treat their wives equally, and gave women certain property rights that helped protect them in case of widowhood or divorce. It was, in short, a very progressive marriage law code for 7th century Arabia.

Time has moved on, however, and Sharia law as practised in Saudi Arabia has not. Men can take up to four wives and divorce any or all of them by simple verbal declaration in front of witnesses. It is true that a man's continuing obligations to his children, the economics of supporting more than one wife "equally" and the tensions that tend to arise in homes where children and wives intermingle are restructuring polygamous practice to-day. Many men decide that one wife makes life simpler.

While women can legally divorce men, the social and practical difficulties of such a move largely discount its use. The life of a woman is legally worth exactly one-half that of a man's—for example, in the case of accidental death in a motor accident where a third party is at fault and is paying damages.

Home

The role of women remains in the home. They are to bear and rear children and serve their husbands. This role is reinforced by considerable official concern over the Kingdom's small population. Birth control contraceptives have not been allowed to be sold in the Kingdom since the 1974 census and the nation now pays family subsidies for all children born.

Women are not to be seen or heard outside their homes. While the practice of the veil was originally merely a pre-Islamic social custom subsequently used by rich urban Moslem women as a sign of status, it has, over the centuries, become entangled with religious doctrine. No respectable Saudi female will venture out publicly without being swathed from head to toe in a large black cloth.

It is true that the veils are becoming much sheerer in texture and that one can now often actually see the faces of teenage girls in the market and streets, but to change attitudes it will take generations, and great efforts in education. Ninety per cent. of Saudi women remain illiterate and there is an increasing problem of educated men finding themselves "outgrowing" an arranged marriage to an uneducated partner. Educated Saudi men have been finding educated wives in Egypt and other of the Middle East for dec[illegible]

The arts generally have [illegible] retarded by the Saudi v[illegible] of Islam arising partly fro[illegible] injunctions of the Koran a[illegible] human imagery in any fon[illegible] the original teaching o[illegible] Wahhabis that even singin[illegible] an evil influence that disti[illegible] one from the thoughts of [illegible] Thus, apart from the [illegible] mosques at Mecca and M[illegible] even places of worship te[illegible] be drab and undecorated, [illegible] out paint or ornament[illegible] Archaeology has sim[illegible] suffered as it was thought [illegible] any items produced befor[illegible] founding of Islam could [illegible] little interest or worth.

All this is changing but [illegible] a continuous battle. Ju[illegible] the telephone (not very [illegible] years ago) was originally [illegible] sidered by some to be [illegible] invention of the devil un[illegible] was proved it could tra[illegible] the words of the Koran, a[illegible] radio and television (t[illegible] mitting images of the hu[illegible] form!) have now won their [illegible] into Saudi life; they are ha[illegible] a huge impact on society.

Public cinemas are [illegible] banned but Saudia, the Gov[illegible] ment airline, began sho[illegible] films on its international fli[illegible] in 1976. At least one cin[illegible] is already being constructe[illegible] Jeddah, in anticipation o[illegible] decree allowing it to open. [illegible] profits from such initiative [illegible] likely to be considerable [illegible] there are presently really [illegible] public places of entertainn[illegible] in the Kingdom and [illegible] potential demand is vast. M[illegible] time, the country may [illegible] contain more private film [illegible] jectors and video-tape cass[illegible]

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The pilgrimage

U IBRAHIM TOURE is a [member] of a remote tribe in a African bush village. He [is co]nsulted on village matters [beca]use he is old, and age [recei]ves respect. The fact he is esteemed more [highl]y than other elders [in t]he same village, however, is because he is Abou [Ibrah]im Touré El-Hadj: he has [made] the great pilgrimage to [Mecc]a, has fulfilled the fifth and [t]enet of Islam and is thus [autom]atically regarded with [specia]l awe as a spiritual coun[sellor], temporal sage, teacher [and m]an of the world.

[The] village could be any[wher]e. It is most likely, how[ever], in a less developed [count]ry, ranging from Indonesia [and Mo]rocco, Iran to Nigeria. The [world] has some 500m. Moslems, [who a]re swollen by 12m. each [year] by natural increase. Mem[bers] of the faith are bound by [five b]asic rules: (1) to acknow[ledge] the absolute oneness [of Go]d and that Mohammed was [the P]rophet of God, (2) to pray [five t]imes daily within certain [time] limits and according to a [presc]ribed set of rituals, (3) to [give] aid to the less fortunate, [by o]bligatory alms, (4) to fast [from] all food, drink, tobacco and [sexua]l intercourse between sun[rise a]nd sunset during the holy [mont]h of Ramadan, and (5) [make] a pilgrimage (hadj) to the [holy c]ity of Mecca at least once [in hi]s lifetime if health and [econo]mics permit.

[Mi]gration

[Owing] to the fifth "pillar" of [the fa]ith, a great migration is [set in] motion each year. During [the 1]2th month of the Islamic [calen]dar, nearly a million [peopl]e of every race and colour [travel by] donkey carts or trains, [ships] or aircraft and start for [Mecca] and the holy Kabba, the [black] stone which they will [circle] io ritual prayer. Between [the ei]ghth and 13th day of the [month] the pilgrims must be [togeth]er, each clothed in a [simple] white garment that dis[guises] his station or material [status] in life. All pray and [worshi]p together, culminating [in the] *Id al-Adha*, the Feast of [Sacrifi]ce. It is a momentous [spiritu]al occasion for all; for many it is the greatest experience of their life.

While Christians, Hindus, Jews, Shinto and members of other great religions of the world have shrines, be they Canterbury, Masada, Angor or Burobadur, and many have historically experienced pilgrimages of great size and equal religious fervour, only Islam continues the tradition of mass pilgrimage on an annual basis in the modern age.

Modernity is a double-edged sword. Charter flights and the internal combustion engine have made the pilgrimage possible for millions who could not attempt it before. From the 7th century until 1945, a pilgrimage numbering 50-60,000 would have been huge. A combination of factors has brought enormous increases.

Non-Saudi pilgrims, 1945-76	
1945	37,630
1950	107,652
1955	232,971
1960	253,369
1965	283,319
1970	431,270
1971	479,339
1972	645,182
1973	607,756
1974	918,777
1975	894,573
1976	719,040

All converge on the holy city of Mecca, a small town where *non-Moslems are forbidden*, and only 45 miles from the large Red Sea coast city of Jeddah. Jeddah is the gateway for most pilgrims arriving by air or sea and the city, and its port has, since the 1973 OPEC oil price rise, been deluged with goods and personnel helping to fulfil the $142bn. Saudi Five-Year Plan. The last thing Jeddah would normally need is an additional million visitors, all arriving and departing within a month. Such a load factor would strain the resources of the largest and most developed cities anywhere in the world.

The Saudi Government gives very high priority to the pilgrimage, however. Religion still comes first in Saudi Arabia, and the King's position of "Keeper of the Holy Places" imposes the highest moral duty to aid and shelter pilgrims. Thus the Ministry of Pilgrimage and Religious Endowment works all year to prepare and the Five-Year Plan allocates an average of $280m. annually to help it do its job. Additional millions have been spent on airport and road extensions, "pilgrim city" housing projects and purchases of fleets of buses to transport *hadjiis*. The great mosques of Mecca and Medina (where the Prophet is buried) have also been enlarged and refurbished.

Crammed

The pilgrimage tends to affect everyone in the Kingdom. All roads from every direction are crammed with traffic as crowded buses converge from Turkey, Syria, Iraq, Iran, the Emirates and the Yemen. Ports and *airports are jammed. Jeddah* airport cannot handle the load (up to 120 planes arriving daily) and some pilgrims must land in Dharhan or Riyadh and then make the 15-20 hour bus trip across the desert to Mecca. Passport offices grind to a halt because personnel are needed to process pilgrims and, since everyone needs exit as well as entry visas, many non-Moslems cannot move out of the Kingdom for a holiday, even though they wish to do so. Health services are pressed as doctors report to Mecca and all offices, both Government and private, close for a 7-10 day period. Within Jeddah, thousands sleep on the streets and the congestion is immense.

The problems associated with the Hadj are both traditional and modern. First is the fact that the pilgrimage cannot be spread out over the whole year. While most pilgrims remain in the Mecca-Medina-Jeddah area for 20-30 days, all of them, in order "properly" to fulfil their pilgrimage obligation, must be in the same place at the same time during a four day period. The housing, food, health, sanitation and travel arrangements associated with this requirement indicate an absolute eventual limit on the number of pilgrims allowed, a fact the Government has not been willing to air publicly. While the Kingdom can now control the robbery and violence that victimized pilgrims in days of old, it cannot do enough to change the stories throughout the centuries documenting great decimations of pilgrimages from disease and other disasters. In 1974, a group of Nigerians, although having "valid" health certificates, brought in cholera and an outbreak killed at least 28 pilgrims. In 1975, a fire caused by an exploding gas cooking bottle in the midst of one of the huge tent cities on the Plain of Arafat, killed 138. Both incidents could have been devastating and the best attempts and millions of riyals spent by the Kingdom (e.g. hiring fire-fighting helicopters to stand by for possible duty in 1976) cannot ensure safety for so many in a confined space for so long a time.

Second, while each pilgrim is now strongly encouraged to bring a minimum of £400 (in addition to travel costs) to feed and shelter himself during the 30 days he is likely to be in the Kingdom, the country itself has encouraged more pilgrims by indirectly subsidising the Hadj. Soaring prices caused by a 40-50 per cent. inflation rate within the Kingdom help to account for the relative drop in the number of *Hodjiis* last year, but much has been done to encourage those who wished to come. Major factors are low cost housing (pilgrim's fees are assessed on quality of housing or tent and the distance one has to walk to the "major" attraction or transportation point); cost-control of the families who live permanently in Mecca and have often traditionally charged huge prices during Hadj time as they served as guides and hosts to pilgrims; and low cost or free bus travel, even though the 2,000 coaches bought for this purpose remain idle for the remainder of the year.

Praised

The Kingdom is justly praised for the great and generally excellent organisation it brings to the Hadj endeavour each year, even though its human resources are stretched to the limit even without the pilgrimage. One can sympathise with its desire, as host country to the two holy cities of Mecca and Medina, to encourage and aid fellow Moslems attempting to fulfil a religious obligation. The conundrum is one that could only be solved by a modification of tradition, extending the Hadj period throughout the year or, minimally, reforming the calendar. Such decisions, however, are fraught with internal political and social dangers of a severe kind and so have not been publicly discussed.

A third problem involves the weather. The Islamic calendar moves forward 11 days each Gregorian calendar year. In 1976, the pilgrimage (12th) month was in December, when weather along the Red Sea coast is fairly tolerable. In a few years, however, the cycle will bring the pilgrimage time into the Gregorian equivalents of April-September, when temperatures can exceed 45 degrees C daily and humidity is often over 90 per cent. Also, television first broadcast parts of the Hadj to many Moslem countries in 1974. It had a great emotional impact and is encouraging even greater mass participation.

Thus present huge Saudi revenues to subsidise the Hadj, good weather, TV publicity, better road and transport systems, lack of war and relatively increasing prosperity or lower travel costs in the less-developed countries of the Middle East, Africa and South-East Asia that tend to characterise predominantly Moslem countries, have all combined to make the last three pilgrimages dangerously large.

For all the problems, the Kingdom benefits in other than spiritual ways. It gains stature among large groups of nations with heavy Moslem populations by maintaining a well-organised and "open-door" pilgrimage. Gone are the days when the pilgrim's fees furnished the largest part of the royal exchequer. Considerable political capital is made, with no effort, by serving as host and guardian to the holy places, for example, three Heads of State participated in the 1976 Hadj (Sudan, Mauritania and the Gambia), and the Arab success in persuading some 16 African countries to break diplomatic relations with Israel in the 1970s was certainly in part motivated by the heavy Moslem populations in those nations.

The Hadj has also served as a venue to exchange experiences, ideas and knowledge throughout the Moslem world. Pilgrims bring carpets, brass, silver and other handicrafts which they sell in the great open markets at Jeddah in order to finance their food and shelter costs. Some stay on to settle in the Kingdom, an increasing problem as most are from poor countries and can easily see the great wealth now available within the Kingdom. Nonetheless, cultures intermingle and ideas and opinions spread. The process has gone on for 13 centuries, uniting and strengthening Islam.

Thus the Hadj, the (for most) once-in-a-lifetime trip to Mecca, has social, economic and political as well as spiritual effects. The high priority given to ensuring its annual success reflects the traditional Islamic values of the Kingdom in which it takes place.

Pilgrims at Jeddah Airport.

Social

CONTINUED FROM PREVIOUS PAGE

machines, per capita, than anywhere on earth. Renting a film or obtaining the latest cassette from your tape club for showing to dinner guests remains a primary entertainment within the Kingdom. Another favourite is taking the family for an evening drive, stopping to sit on the pavement and watch the world go by.

Modes of dress for both men and women continue to cause concern. Many young Saudis, seeing Westerners on the streets, in magazines or on television, opt to be "modern" and change the traditional style. Platform shoes show beneath men's thobes, headgear is set at raffish angles and tight-fitting trousers are increasingly popular.

As early as 1967 King Feisal was issuing strong statements deploring dress "repulsive to decorum and inconsistent with Islamic ethics." In 1976 the Ministry of Interior waged was on long hair styles for men and sent inspectors to all Government departments to ensure that male civil servants had the proper cut underneath their head-coverings. There were a few incidents of the *mutawwa* (religious police) stopping young men on the streets and clipping their locks on the spot. Such incidents, isolated but persistent, bring contempt for the Ulema and cause general gossip and hilarity, especially among young people.

Prohibitions against smoking are now moot except during the fasting month of Ramadan. Such bans were in fact never enforced outside the central regions where Wahhabi influence was strongest. The absolute ban on alcoholic beverages continues, however, to the extent that it is not even used for medicinal purposes. While this too has its hilarious side (inspiring home-brewing and expensive smuggling) it can also be tragic.

A young air force pilot, extensively trained at huge expense, had a motor accident last year, and while not hurt was taken to a hospital by the police for a blood test. The presence of alcohol was confirmed and the young officer's career is now finished. Ironically, the result has been that military hospitals now refuse to give blood tests for such cases, pleading lack of time, space and facilities.

Such examples of bending and twisting the law are common. Because penalties for some "crimes" are so severe, those in authority seek ways to avoid enforcing the law.

Judicial

This is not the fault of the judicial system. The method of law enforcement, while harsh by Western standards (for example, floggings for "minor" crimes, cutting off a hand for repeated thieving, beheading for premeditated murder) seems to work well for Saudi society and has much to commend it. The system works fast, it is very open to scrutiny and sentences are carried out publicly, usually in the square in front of the mosques after noon prayer on Fridays.

Whether because of such severe punishments or the general morality brought by deep religious belief, the crime rate is very low. Because of the underdevelopment of the banking system, for example, people routinely carry very large amounts of cash and may keep thousands of ryals at home, with no fear as to its safety.

Many of the above problems are clearly not strangers to any society. Other religions and nations, including most Islamic States, have been confronting and answering such questions for centuries, slowly evolving their social, economic and political practices and reconciling them with religious doctrine. The dilemma for Saudi Arabia is that it has postponed such evolution and now, influenced by outside forces it can no longer keep at bay, must confront many such questions simultaneously. The strains of resolving so many questions quickly, bound as they are in tradition (and perhaps everlasting Hellfire or Paradise) is the most unsettling topic on the Kingdom's agenda of modernisation.

هكذا من الأصل

A serious attempt is being made to meet Saudi Arabia's stated oil production target of 16m. barrels a day by 1982. In addition huge new reserves are still being discovered.

Oil

SINCE LAST December's OPEC meeting in Doha and the beginning of the two tier oil price regime, the Saudis have injected into their programme for expanding their oil production capacity a note of real determination. It is this, rather than an actual increase in output during the first two months of the year or any upwards revision of official capacity targets, that has been the principal effect of the Doha split on oil operations within the Kingdom.

It seems that the Arabian-American oil company (Aramco) has been told to de-bottleneck its systems and to ensure that installed production capacity really does reach the 16m. barrels a day target level sometime between 1978 and 1982 as planned. The new emphasis in Saudi policy has led to an intensification of the already frenetic activity at Aramco, which, apart from having to install capacity which will make Saudi Arabia potentially the world's biggest oil producer, is at present building the world's biggest water injection system and supervising the installation of a unified electric grid in the Eastern Province and a gas-gathering system which has become famous as the biggest project ever undertaken anywhere.

The sheer scale of operations in the Eastern Province at present is quite staggering — and will become more impressive still over the next three or four years as more projects move from design engineering to the construction stage. Some sort of impression of the work involved can be gathered from the fact that in this year alone Aramco will be expanding its own workforce, engaged only on the production capacity and water injection operations, from 21,000 to 25,000, while the contractors building the gas project will eventually be employing a workforce of 30,000.

The 16m. b/d capacity target has now been stated Government policy for about 18 months — and whatever other figures have been discussed either recently or before the Doha meeting, this figure is the only one which Aramco has been given as a target to work towards. At present the capacity actually installed in hardware terms amounts to some 11.5m. b/d—a figure which should have risen to 11.8m. b/d by the end of May — and the company should have the personnel and have worked out the management systems required to sustain production at this rate by the end of the year. By the time the 16m. b/d target is reached, Aramco should have the systems and personnel to sustain production at 13m. b/d. But if at any time thereafter the company was called upon to boost output to the maximum level for which there was the physical capacity, it is estimated that it would take at least a year for it to complete the operation.

As to the proportions in which the various Saudi crudes will be mixed in the increment, there is at present some speculation, with the Saudis declining to make any official statements on the matter.

Different

Current Saudi production is made up of four different crudes—Berri, a 38° API crude from a field of the same name; Arabian Light, which can be anything from 32° to 36° API and is produced mainly from the Ghawar and Abqaiq fields; Arabian Medium, with a range from 29° to 31° API, drawn from the Khursaniyah, Abu Safah, Qatif, Zuluf and Marjan fields; and Arabian Heavy, with a range of 26° to 28°, drawn from the Safaniyah field. As the API figures suggest the light, medium and heavy are not so much different crudes as different crude ranges—the exact cocktail exported can be fixed to suit the buyer's requirements—while the 34° API crude that is used as the "marker" by OPEC is simply the average Arabian Light blend.

Over recent years the mix of the four crudes has generally been Arabian Light 70-80 per cent. of total production, Berri up to 9 per cent. Arabian Heavy 10-12 per cent. and Arabian Medium 3-5 per cent., but recently there has been speculation that the Saudis will be unable to maintain these proportions. It has been suggested that in expanding production from 9.2m. b/d, the monthly record level achieved last December, to 11.8m. b/d, should the Saudis find it necessary to produce at this level later this year, it will be possible to include only 400,000 b/d of the Arabian Light and Berri crudes.

Saudi sources have claimed, that, for the time being at least, traditional proportions can and will be maintained—though the issue is clearly a highly sensitive one and in the long run a significant adjustment of the ratios appears to be inevitable. In very rough terms Saudi Arabia's reserves are made up of 60 per cent. Arabian Light and Berri, 25 per cent. Arabian Heavy (Safaniyah contains reserves of some 20bn. barrels, which makes it the second biggest Saudi field and the world's biggest offshore field), and 15 per cent. Arabian Medium. Estimates of the volumes of the Medium and Heavy crudes are somewhat vaguer than they are for Arabian Light and Berri because a large proportion of these crudes is located in fields which are either new discoveries or have yet to be developed and brought on stream. Eventually, therefore, it appears that the proportions of the different crudes produced will have to be adjusted to tie in with the proportions of Light, Berri, Medium and Heavy in the Kingdom's reserves.

Leaving aside the issue of the mix of the different crudes in Saudi Arabia's programme for expanding production, it is of course one thing to have the capacity in either hardware or personnel terms to produce 11.8m. b/d, 13m. b/d or 16 m. b/d, and quite another thing actually to produce these volumes.

What reasoning led the Saudis to pick on the precise figure of 16m. b/d as a production capacity target is not clear. Given the Government's perception of its responsibilities to the world at large, it is clearly anxious to have the capacity to make up for a loss of production in another OPEC state due to, say, a civil war such as occurred in Nigeria. Also the maintenance of 16m. b/d of capacity, and equally important knowledge of the fact that the Government will have gone to the trouble and enormous expense of installing such capacity, will be a mighty weapon lending credibility to whatever threats the Saudis feel obliged to make in support of their policy of price restraint at future OPEC meetings. It may be, in this context, that a major expansion of production capacity is an important element in the mutual understandings that have clearly been reached between the Saudi and U.S. governments.

In the short term, however, the Saudis, since the Doha meeting of OPEC, have shown themselves to be reluctant to use their spare production capacity to force down prices. After the meeting the Government raised its official production ceiling from 8.5 to 10m. b/d for the first quarter of 1977, but in January and February this year actual production ran at only 8.2 and 8.7m. b/d. This is significantly below the record levels of the last three months of 1976, when, admittedly, all companies were raising their liftings to beat the anticipated price rise.

Whether the Saudis have concluded a number of big third party sales agreements which will shortly cause production to jump is not known for certain, and it is anyway equally possible that the Government has held back from making third party sales for the time being in the knowledge that an expansion of production may be more effective as a threat than as something that has already come into operation. The production increase weapon is one of those devices which can lose its effectiveness once it has been used.

If the Saudi Government does decide to increase production it has been made known that the American partners in Aramco, which for practical purposes now operates just as if its 100 per cent. takeover by the Government had been completed, will not be absorbing the extra oil into their integrated systems after paying their usual concessionaires' price. Rather it is understood that in 1977 Aramco should get more or less the amounts of crude that were planned for it before Doha, while the incremental crude will be disposed of among three different parties. Part may go to individual Aramco shareholders paying the normal third party price of 93 per cent. of postings, part may go to existing third-party clients of Aramco, and part will go to new third party clients who will be obtaining their oil from Petromin, the State oil company, through a designated Aramco shareholder.

Unconfirmed

To date it is known that of the Aramco shareholders Exxon and Mobil will be taking 250,000 b/d and that Shell will be buying 200,000 b/d in 1977 through Mobil. There have been unconfirmed reports that Mobil is also supplying Montedison of Italy, while Exxon, Socal and Texaco are supplying, respectively, Compagnie Francaises des Petroles, ENI of Italy, and BP. Apart from the Shell transaction, the current status of these third party deals is unknown, and may well be undecided.

Even if the Saudis have decided to raise production and have concluded definite deals, it may be a matter of several more weeks or months before this is reflected in the production figures, because companies are not normally able to reduce their liftings elsewhere until such time as they are able to invoke the three-month reopener clauses in their purchase contracts. It is understood, anyway, that during the second quarter of the year the Saudis will probably not be exceeding the 10m. b/d ceiling they set in the first quarter.

Meanwhile there are still sales being made direct by Petromin to third parties under agreements reached in 1973 — for 300,000 b/d—and 1974. The 1974 contract with Elf/Aquitaine and CFP, who in 1977 will be lifting 260,000 b/d, was recently extended for two years to bring it into line with the 1973 contracts, all of which expire at the end of 1978 following three year renewals at the beginning of last year.

It goes without saying that from the reserves point of view there is no doubt whatever about Saudi Arabia's ability in the long run to sustain virtually any rate of production it chooses. Aramco's end-1976 figures show proven reserves of 110.2bn. barrels (excluding Saudi Arabia's half share of the 6.3bn. barrels of the Partitioned Zone) and probable reserves of 177.5bn. barrels. The Government feels that these figures are excessively conservative, and has gone to the trouble of writing to correct one magazine which published them earlier this year. The Government's own estimate of proven reserves is 151.4bn. barrels. This figure is made up of the reserves which Aramco defines as proven (being oil which is recoverable from existing wells plus oil which will be recoverable from wells which will be drilled between the existing wells), plus a figure for reserves which are certain, or virtually certain, to be recoverable with development drilling in parts of fields which are not yet producing.

What is not in dispute is that in every year of its operations Aramco has proved the existence of new reserves that are greater in volume than the oil it has produced. In 1976, according to the Aramco reserves figures, net additions (after extractions) were 2.3bn. barrels proven and 1.7bn. barrels probable. The increase in the proven figure was accounted for largely by the proving up of existing finds, while part of the increase in the probable figure came about through new discoveries.

In 1976 Aramco found three new fields; Hasbah 30 kms. south-east of Marjan offshore, Sharar 10 kms. east of Munifa and Suban 100 kms. south east of Rimthan, which together bring the total of fields discovered by Aramco to 35. In future there are bound to be further discoveries, made partly through drilling deeper than the Cretaceous and zones in which almo the existing Saudi fi located, and partly thro ing in different lo Aramco feels that all th it still retains consta promise of new finds. the odds are very muc the discovery of anoth yah or Ghawar (the wo gest field, with reserves to amount to 70bn. bar on the other hand Ar still found fields in re which are much bigge biggest North Sea disc

Of Aramco's 35 fi 15 are at present p and among these the production is contri just four fields: Ghaw produces over 5 Safaniyah with nearly Abqaiq with over 75 and Berri with over 50 (After Berri the ne producer has an ou rently running at 250,000 b/d.) It is that more fields will in with the existing system soon, though schedule nor the nam fields concerned has lished. Included in gramme, albeit prob date well in the futu Shaybah field, a rela discovery in the san the Empty Quarter. bab oil is considerab than the Arabian Li but the field's wells very much less produ the average 12,000 b/ the fields further nor

Sea-water

To maintain the p of its wells Aram present engaged in the tion of a massive injection programm will ultimately be 12m. barrels of water part the system is d replace the saline water which is cur jected into the nort thirds of the Gha Abqaiq, Berri and, o nificant scale, Khursa only other pressu tenance now being volves the reinjectio into the northern Ghawar and the Abq But for the most system will constitu tirely new operation.

In its first phase, for sea water injectio central section at Gh project is now 20 per plete, and when on st year will be hand 4m. b/d. Given the sc system and the need facilities to remove s solved oxygen and (which are liable to formation of gummy in the oil undergro system will have an significantly increasin duction cost of Arabi

Michae

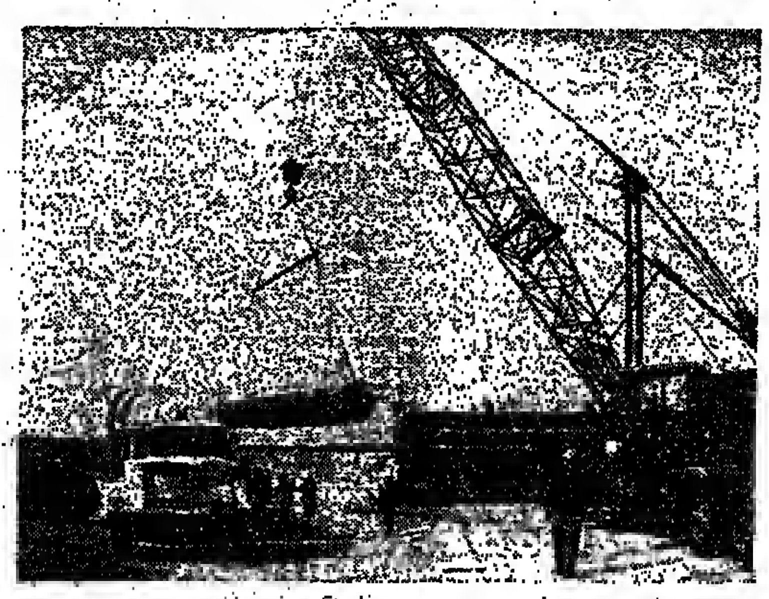
Saudi Arabia wants to keep oil price rises in perspective.

Why?

In the last three decades or so of this century, there are few other subjects besides oil which are likely to have more importance and more impact on the day-to-day lives of ordinary citizens around the world.

Since the events of 1973, the complex problems of energy – both its price and availability – have been constantly in the public gaze. And, as the recent OPEC talks highlighted, these problems are inescapably linked to oil policy decisions taken by Saudi Arabia.

So why then is Saudi Arabia now anxious to keep oil price rises to what might be regarded a more reasonable level?



Any government whose income is largely derived from a depletable natural resource is faced with the necessity to equate the present with the future. In Saudi Arabia's case income used by the present generation is, by its nature, denied to future generations – which is why the use of oil as a base for the economic development of our country has been at the core of Saudi Arabian international policy for some time.

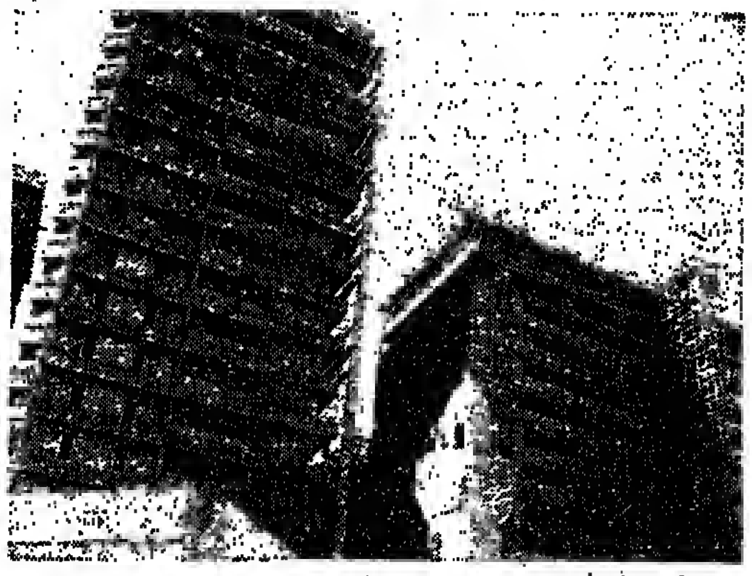
But our development also relies to a great extent on the economic well-being of the West as a whole. So we are the first to recognise that inordinate increases in the price of oil could have an adverse effect and could harm the West's economic recovery – which Saudi Arabia regards as essential in maintaining an equitable balance between oil producers and oil consumers. While we consider some increase in oil prices as fair and reasonable, we have no desire to disrupt the international economic system or, indeed, to price oil out of its markets.

Dearer oil can and does have a detrimental and direct effect on our own economy besides the more obvious benefit of increasing Saudi Arabia's income. It is a major ingredient in fuelling inflation in the oil consuming countries; inflation which is then exported back to Saudi Arabia in the form of higher prices and costs for the goods, technology and services which we buy from the West.

It can also have a debilitating effect on our own financial resources. For a long time, Saudi Arabia has been producing far more oil than we need to meet immediate expenditures. As a result, large cash surpluses have been created which have to be invested abroad – where they are exposed to this same inflation and unfavourable exchange rates.

Most important of all, a stable international economic system is vital to Saudi Arabia's programme for industrialisation, the only long-term answer to the inevitable depletion of our natural resources, by moving our economy away from its exclusive dependence on oil into other fields of economic activity.

In return for a rational and sensible oil policy, Saudi Arabia wants the industrialised nations to provide a real transfer of technology which will be the central plank of our future growth. Not that we expect – or even wish – such a change to happen overnight. We are all too aware that too rapid a development programme could endanger the social and cultural system which we value very highly. There is a thin dividing line between creation and destruction, and we are determined to maintain the desired balance.

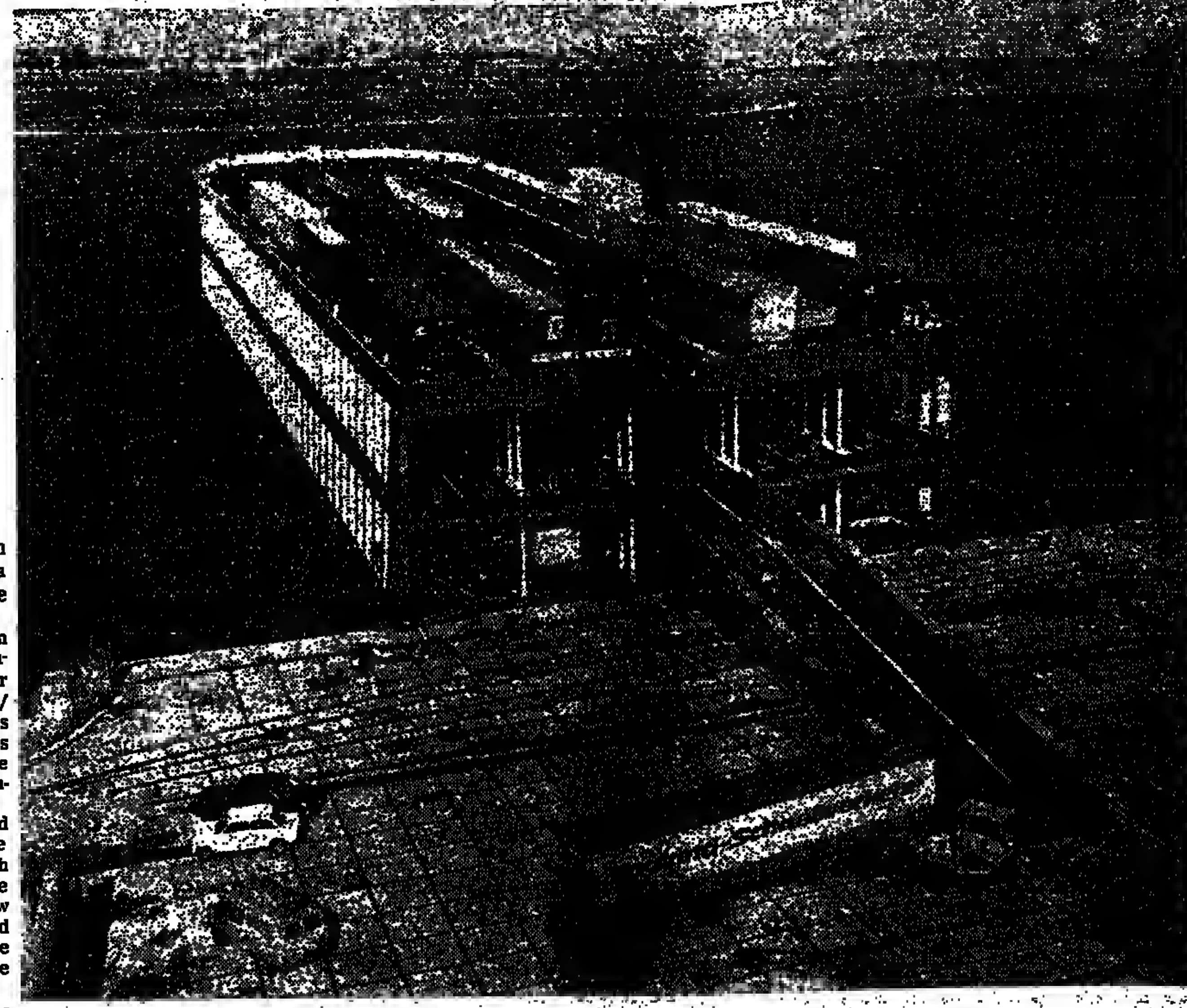


We therefore have our own clearly-defined economic goals; the oil consuming nations have theirs. What Saudi Arabia has done – and will continue to do – is to recognise the dependent links between the two, and to consequently strive to ensure that decisions taken on one side do not adversely affect the other.

In short, your development is our development. It is in all our interests to see that we progress together.

Growth of trade with the Middle East following the oil crisis has created major opportunities for shipping services, especially the more sophisticated forms of freight transport like roll-on, roll-off.

Shipping



A three deck barge being loaded at Marseilles; can carry 266 trailer-mounted containers, is towed through the Mediterranean for discharge at Yanbu.

ONLY 75 years ago the basis of the cargo liner services to the Gulf, which started in 1892, was coal. That was the year the late Mr. Frank C. Strick loaded a collier in South Wales and moved coal to the Gulf ports so that the small vessels trading up from Bombay did not need to bunker at Bombay for the round voyage.

To-day bunkers no longer pose any problem—except their cost—and more than 100 shipping companies are involved in services to and from the Gulf. The influx of new services to the area in the past two years should level-off by the end of the year and in 1978 the shipping industry will begin to feel the effect of Saudi Arabia's inability to absorb any further growth in imports.

At present, however, the effects of the huge increase in oil revenues in the past year are still to be seen in the wide variety of cargoes moving into the area in containers, on pallets, on chassis or in the simplest form of break-bulk.

The Middle East generally and Saudi Arabia in particular, remains the centre of attraction as far as roll-on, roll-off shipments are concerned and the ultimate development in this sector is undoubtedly the entry into service of the 22,852 d.w.t. "Seaspeed Arabia" built in Japan for regular service between that country and Saudi Arabia (Damman) as well as Dubai and Bandar Shahpour. The new 22-knot vessel does the round trip Japan-Middle East-Japan in 35 days compared with the 70 days of a conventional ship—and this timing includes loading and discharging.

Most of the ro-ro vessels serving Saudi Arabia are in the 4,000-10,000 d.w.t. category and the freight rates reflect the cost of utilising these small specialised ships. The alternative to the ro-ro is the large towed ro-ro barge and several companies have introduced this type of service. A service of this type is operated by the Euro-Arab Sea Trailer Line (EAST) and involves a towed triple deck barge which can carry 266 trailer-mounted containers (each trailer 12 metres in length) with a loading time at Marseilles of eight hours. The barge is towed through the Mediterranean and the Suez Canal for discharge in eight hours at a special ramp at Yanbu. Another container barge operation has been introduced by Gulfspan Limited, from Genoa to Jeddah via Piraeus using an 11,000 d.w.t. 478-container barge towed at ten knots by a 5,600 bhp tug. Gulfspan's barge carries the full containers in three tiers and can load empty containers in five tiers.

Jeddah will soon be served by another giant barge operation, the unit in question carrying 352 TEU containers. The company involved is the London-based Anglo Arab line which employs the 17,000-ton barge "Giant I" towed by the Smit International 6,000-hp tug "Smit Enterprise." The U.K. loading of the barge with a mix of trailers and containers is at Ramsgate and the loading and discharge time at Ramsgate and Jeddah will be 48 hours. Transit time for the tug/barge operation is expected to be 19 days.

The tug barge system has many attractions including the lower first cost of such an arrangement. The operating costs are also lower than with a conventional vessel of the same carrying capacity. A typical through transit delivery on a through bill of lading from most points of origin in Europe to destinations in Saudi Arabia is approximately 17 days.

In observing the Arab community there is a special quality that stands out among the others and that is the unique bond of brotherhood that unites Arab countries. This bond can be seen in the ambition to become a part of the world shipping scene and what better place to start than in their own backyard.

Just over one year ago the Gulf States formed the United Arab Shipping Company with a capital of approximately $1.695bn. and it is estimated that by 1985 the Arab fleet will have grown from the present figure of 800,000 tons deadweight to nearly 7,000,000 tons deadweight.

Anxious

The growth of the Arab merchant fleet is another factor to be considered when forecasting the shipping requirements in the area and international shipowners are anxious that the Arab participation will not be inextricably coupled with restrictive trading developments.

Currently, vessels in the fleet of the United Arab Shipping Company (UASC) serve the Far East, the North Continent, the Indian Ocean and the Mediterranean. The UASC is a new growing force in world shipping and with the re-opening of the Suez Canal it will have a substantial impact on the amount of cargo carried by non-Arab lines. An added advantage is that unlike the vessels of the conference lines the Arab ships can call at the Gulf ports on either outward or inward voyages.

For the larger non-Arab shipping companies the long-term opportunities to provide service will continue to exist providing there is the necessary degree of co-operation. At present the situation is one of expansion and this is reflected in the extra shipping facilities offered in the past few weeks.

The P & O Strath-Ellerman group has added a Tilbury (London) container call to their successful joint U.K.-Arabian/Iranian Gulf cargo service. This extension to the service comes two weeks after the start of the Liverpool-Dubai/Muthab container capability.

Early in 1976 the Cunard Arabian Middle East Line (CAMEL) was inaugurated with calls at Rotterdam on average every 28 days. This service now includes Hamburg as a second loading port. Felixstowe is the loading port in the U.K. for the CAMEL service.

At present the service is provided by the 6,500 d.w.t. Strider-class "Jeddah Crown" to be joined very soon by the "Aquaba Crown" and then by the "Saudi Crown" in mid-summer. More than 3,000 containers have been carried in the first nine months of the CAMEL service and cargo has included high quality cars, foodstuffs, cement and dismantled houses. The company is a wholly owned subsidiary of Cunard.

A month ago Ellerman City Liners ordered two 4,300 d.w.t. mini-container ships in the U.K. with the possibility of a further four vessels for the company's U.K. - Europe - Mediterranean - Middle East service.

Growing interest by Western shipping companies in the operation to the ports of Saudi Arabia is reflected in the container services introduced by the Recon Line (Brostroms) and Medtainer Line. Moreover, both the NSU Group (Holland) and DDG "Hansa" (W. Germany) have ordered large ro-ro vessels for services to the area. Recently, Seatrain Inc. of the U.S.A. started a Rotterdam-Gulf container service and the Russian-owned Baltatlantic Line now operates a direct ro-ro service from New Orleans to the Gulf.

In April the first ship of a new U.K.-N. Europe Gulf service will commence loading. The break-bulk service is offered by the newly-formed Eurabian Line which plans a monthly service out of the Continent and the U.K. to, initially, Muscat/Mutrah, Abu Dhabi and Damman. Vessels will load at Antwerp, Rotterdam, Bremen, Hamburg and Hull and the first ship will be the 3,300 tons gross "Newtide."

Although in the short-term Eurabian will be outside the U.K. Arabian and Iranian Port Conference, of which the chairman is Mr. Alan Hatchett (managing director of P&O Cargo Services Ltd.) the company has stated that its objective is not to operate against it.

One of the features of shipping developments in the Gulf services has been the introduction of unconventional designs such as the very large ro-ro ships. For their U.K. and Red Sea operations the Blue Funnel Line have augmented their two chartered 113-TEU container ships with two larger chartered vessels of the bow-loading type capable of carrying 330-20 ft. containers at a deadweight of 7,300 tons. These containers will be handled by side-loading trucks fitted with spreaders and not by the usual gantry crane.

Third

From Marseilles, Valencia, Leghorn and Marina de Carrara, the Navale et Commercial Havraise Peninsulaire (NCHP) has placed a third vessel in the service to Jeddah. This means that NCHP now has three ro-ro ships each with a chassis capacity of 750 linear metres or 200 TEU containers.

Break bulk cargoes continue to require shipment into the Gulf ports and the Amar Line is to expand its container and break/bulk service between Malmo and Jeddah to include Hamburg and Bremen. The extension started in March with the loading in Hamburg of the 9,000-ton gross Alhijazi.

Trade from south east Asia to the Middle East offers considerable scope to shipowners capable of meeting the four major problems involved. These include the lack of volume of exports to West Asia, negligible return cargo from the Middle East, very keen competition from numerous non-conference liners and the reduced but nonetheless existing port congestion in the Middle East. In 1974 the value of exports to Middle East imports from countries to Singapore, Thailand, Malaysia, Philippines and Indonesia amounted to nearly $3,000m. Despite the disadvantage there is scope for shipping in the area and it is significant that there are more than 20 lines out of Singapore to the Arabian and Red Sea Gulfs and at least 15 lines are non-conference.

To serve Saudi Arabian shipping interests is to be private and in some share experience. A modest beginnings liberty to adopt more conventional approaches been adopted in the ing at the Financial Shipping Conference last year, Mr. Sven managing director of Shipping referred to at particular development ing a construction vessel of erecting concrete and steel structures and ing them on the shore offshore of Saudi Arabia ping is much more than loads from A to B and the ment of complete process by sea is becoming more.

W. D.

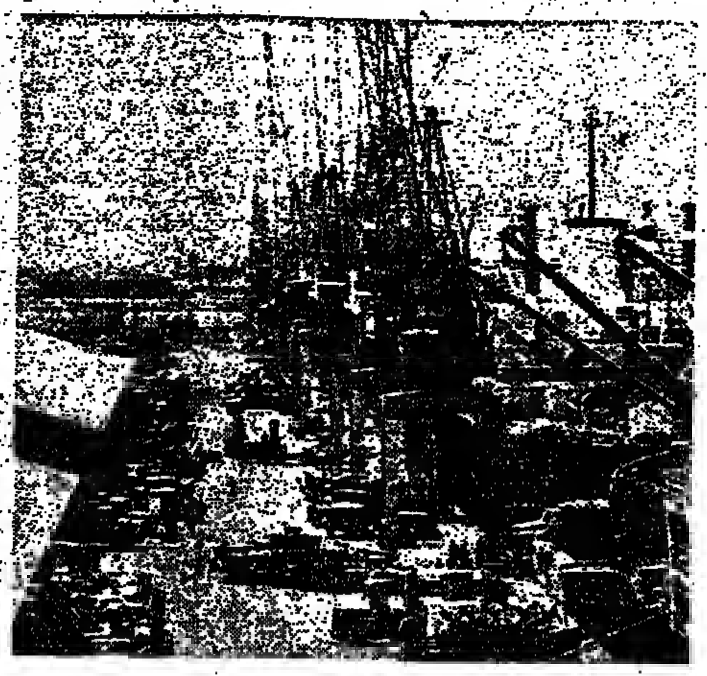
The acute congestion at Saudi Arabia's two major ports has been solved over the last two months. The number of berths at both Jeddah and Dammam has been increased and harbour administration improved.

Port developments

THE FLOATING city of lights ... had become a familiar feature of Jeddah's night seascape has melted away in the last few weeks. The ships have ... weighed anchor and ... off and others have not ... to replace them in the ... queue which last ... preceded berthing. Almost ... it seems, the congestion at both Jeddah and ... ports has been completely cleared in the past two ...

... time last year the ... looked daunting. Some ... at anchor outside ... facing a four to ... wait and surcharges ... varied between 50 and ... per cent. Dammam, which ... the annual build-up ... at Jeddah by pilgrimage traffic, was rather less ...dly affected. Nevertheless, ...riving ships faced more than ...ree months' wait there, and ...90 per cent surcharge. The ...vernment agreed to pay ...murrage charges on selected ...mmodities; last autumn this ...s costing SR10,600 per vessel ...r day for chartered ships.

The situation needed to be ...ckled from all angles at once, ...d the Government must be ...en credit for taking the task ...iously. Construction of addi...nal berths was an important ...nedy which benefited especi...y the port of Dammam. There ...e number of berths increased ...m 13 last May to 22 in use ...day. This increase had, of ...rse, been initiated long ...ore the major congestion ...lt up a year ago; far sighted ...ns were launched by the ...di General Railroad Organi...on, responsible for Dammam ...t, under the directorship of Ghazi al Gosaibi before he ...ame Minister of Industry. A ...tract for the addition of 16 further berths was awarded in June last year.



General cargo berths at Jeddah.

Jeddah, which currently has 14 berths operational, will have a further 20 by 1980, under a contract also signed in June of last year. Four ro-ro berths were completed in March a year ago.

Harbour administration was another field in which, a year ago, there was room for improvement. While Dammam port was run under the clear-cut authority of the Saudi General Railroad Organisation, Jeddah port was less favourably situated. It came under the responsibility of the Ministry of Communications but with other ministries responsible for the working of various sections of it. In September last year a Ports Authority was established, with responsibility for all the Kingdom's seaports. Dr. Fayez Badr, President of the Authority, immediately assumed control of Jeddah port and is gradually taking over in Dammam. The authority benefits from the fact that it is not restricted by the financial and personnel constraints which apply to the work of a Ministry.

Dr. Badr, who was previously Deputy Minister of Planning, is an active president who has tackled the ports' problems with energy and determination. He has been able to bedger and cajole importing merchants into clearing the immense pile-up of their goods from the quays and warehouses in the port by the threat of public auction of anything not promptly removed. Announcements in the local Press bave advised importers in advance of the discharge of cargoes, and recent regulations bave been issued to establish a tigbter control on container traffic. Old hulks, which were happily earning demurrage at the back of the queue, bave been banned. Dr. Badr's mandate was to clear the congestioo in Jeddah port by the end of March; he has exceeded this by well over a month.

Credit

Much of the credit for clearing the congestion in Saudi Arabia's two major ports must go to the British companies who, early last year, were awarded management contracts: Gray Mackenzie for Jeddah pnrt and Gnlf Port Management Services (a joint venture of Mersey Docks end Harbonr Company and Scruttons of London) for Dammam. These companies bave brought in their own staff, increased efficiency and working bours, and belped raise the discharge rate to 20,000 tons per day in Dammam and 28,000 tons in Jeddah. By Jaouary this year Dammam was in the unusual situation of heving six berths empty et a time; the only ships waiting to unload were thoae carrying cement, and the restraint in this case was more the ability of the market to ehsorb the cargo, which had become available unexpectedly early, than docking space. A aimilar problem arose in Jeddah in February when ships carrying 11,000 cars were ready to nnload and caught importers unawares. Congestion aurcharges at both were removed in the early part nf thia year.

Before these halcyon days urgent measures bad been taken. In Jeddah the cement crisis was alleviated by a contract with Carson Helicopters of the U.S. to unload 2,000 tons of cemeot per day by helicopter. Since last summer four or five helicopters have hovered permanently over the port, like giant dragonflies. A trailing plume of cemeot dust, escaping from any burst bag and following the load, has become a familiar sight to sadden the merchants' hearts. But the helicopters work diligently from dawn till dusk seven days a week, and unload 1,000 tons more than their target, if at a cost of $185 per ton.

A massive increase in the rather expensive roll-on, roll-off shipping has contributed substantially to beating the congestion. When surcharges were running at over 30 per cent, ro-ro was a competitive and infinitely quicker means of bringing goods to the Kingdom. Ro-ro ships, berthing end on to a small quay space, could expect a 24-hour turnround. Early last year ro-ro shipping to Jeddah was still in its infency, with some 20 vessels arriving monthly. To-day five times that number use the port, and in February they outnumbered conventional ships by five to one. Now that surcharges have been cancelled and waiting eliminated, importers are likely to turn again to the cheaper conventional shipping, and this could place a renewed strain on port facilities.

Dammam and Jeddah have been granted the lion's share of expenditure appropriations for port expansion. At Jeddah, under a contract for the second and third phase worth a total of SR442m., Archirodon of Greece is providing seven new berths. Another SR3.71bn. is being spent on building of another 20 berths by the same Greek company, Skanska of Sweden and Grands Travaux de Marseille. At Dammam the main project costing SR3.98bn. for 16 new piers (bringing the total to 37) is being undertaken by the consortium made up by Philip Holzman of West Germany, Archirodon of Greece and Interbeton of Holland under a contract awarded last summer. This expansion also includes the dredging and deepening of the approaches by Hollandsche Aanneming Maatschappi BV of Holland and Dredgin International Begynenvest of Belgium, as well as a similar scheme for small craft (SR123m.) and electrification of the port by Hawker Siddeley Power Engineering of the U.K. (SR110m.).

Anxious

The Ports Authority is responsible for all facilities in the Kingdom and is anxious to see the load shared as a bedge against possible congestion in the future. Jubail's commercial port is being expanded under two more contracts of SR1.04bn. awarded for the dredging and reclamation to Adriaan Volker of The Netherlands and another of SR3.32bn. to the same Dutch company in conjunction with Hochtier of West Germany and the Lebanese concern CCC for berths, including two for containers. Hyundai of South Korea last summer won the SR3.26bn. award for the facilities which are to serve the Jubail industrial area, with another Netherlands company, Dutcb Stevin, preparing the sea-bed and sbore at a cost of SR1.44bn.

Yanbo on the Red Sea coast is the other site chosen for heavy indnstrial development and bas already served, if only in a minor way, to relieve congestion at Jeddah. DITCO, e Saudi contractor, is providing seven new berths there under a contract worth more than SR1bn., and construction of another two is envisaged under the Second Five-Year Plan.

These are not the only developments. Earlier this mooth contracts were signed for small new ports et Ras al Qar on the Gulf coast between Ras Tanura and Jubail and also 90 km north of Jeddah at the fishing village of Tuwwal. The U.S. Corps of Engineers is planning its own facilities on both sides of the peninsula to ease the flow of imports required for the $20bn.-plus projects which it is supervising. SR411m. has been allocated for small ports in the plan and Dumez of France is building two berths at Kiaa under an SR417m. contract. Drilling and oceanographic studies are being carried out at Dubem Umm Luj, Wejh, Lith and Qunfudhah in Red Sea waters off Sandi Arabia's coast and at Khobar end Uqair in the Gulf.

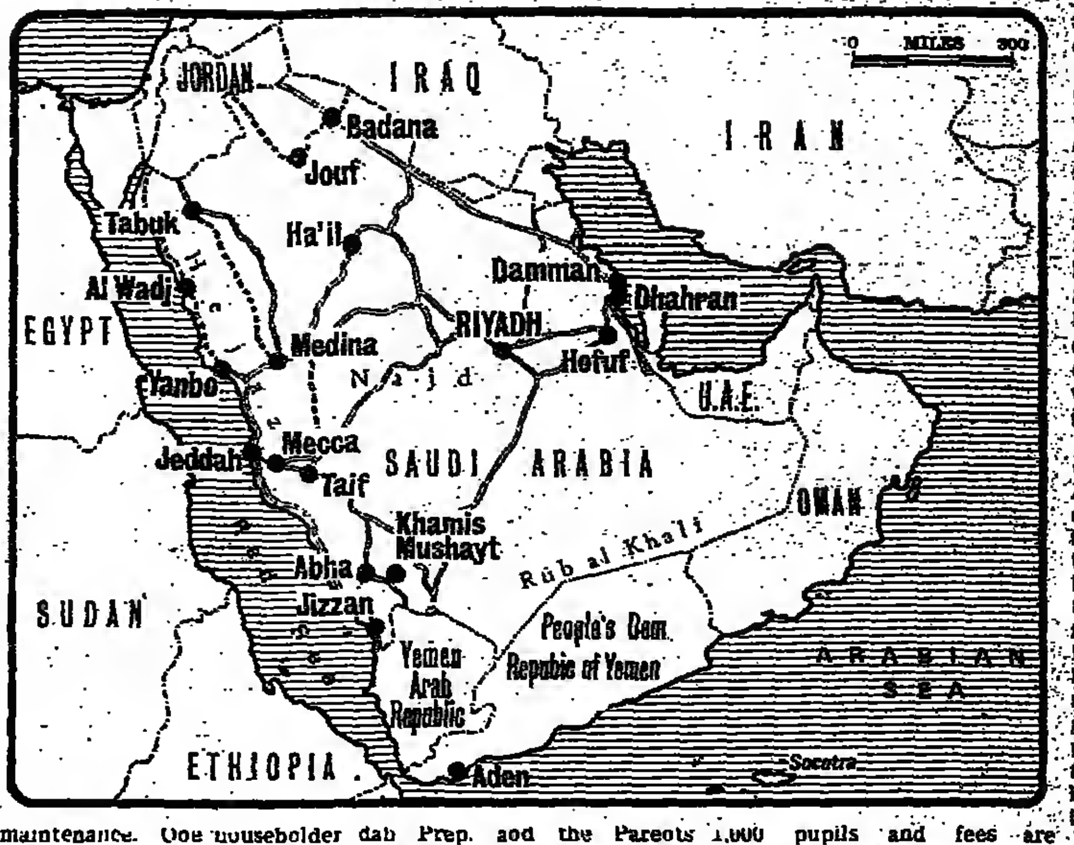
British consultants are predominant in the design and supervision of the developmeot of Saudi ports as they are in their management. Sir Bruce White, Wolfe Barry and Partners is responsible for the expansinn of Dammam port and Sir William Halcrow and Partners for the development of Jubail, Jeddah, and Yanbu. To date no British company has beeo within sniffing distance of winning one of the large construction contracts for any of these ports. Neither bave they been involved in any of the successful international consortia which have gained these contracts. West German, Dutch, Greek, French and Swedish contractors have been chosen from Europe, alongaide others from the Middle East and Asia.

The relief of port congestion will hring a new dimension to Saudi commerce and development. To the development plan it should he an unmixed blessing: to the merchants it may mean tighter margins, and the need for a stricter control of ordering since goods can no longer he left to rock at anchor for months, or to get lost, when unwanted, in the great piles of unclaimed cargo which formerly infested the ports.

By Our Foreign Staff

Despite accommodation problems foreign expertise is pouring into Saudi Arabia on short-term contracts. Life is boring, most have to leave their family at home but high wages and no taxation are the attraction.

Expatriate life



JO AND BILL usually spend the evening lying on the beds of the small room which they share, desultorily reading a paperback or a three-day-old newspaper, or listening to the cassette player. Their temporary home in Saudi Arabia is a prefab on a construction site on the edge of the desert. Outside there is sand and building rubble; inside they share a mess with a dozen other men, skilled labourers out on short-term contracts from England. They work long hours but are happy to do so, since it relieves the boredom of life in the camp. After three months they have home leave and a fare paid back to England. Their wages are about twice as high as in England and there is no taxation. They and most of their mates plan to return for a few more tours of duty in the desert.

Typical

They are typical of a new kind of British expatriate who has appeared in Saudi Arabia in increasing numbers over the past year: that is, the unaccompanied skilled worker. Employers have found increasing difficulties in transporting families to Saudi Arabia where housing is difficult to come by and where many wives are soon asking to be sent home again. They have opted for the "bachelor" worker who is kept happy by generous amounts of home leave, in inverse proportions to the comforts provided for him. A man with a good flat to himself may have leave once a year; those sharing with two or three others go every six to eight months; those living under more spartan desert conditions more frequently still. The trend has been reinforced by the recent ruling that contractors should provide accommodation for their own workers.

In the past, Western expatriates usually expected to bring their families with them, and many still do. The strain on a man alone in Saudi Arabia is considerable for there are few leisure activities available to him, no pub around the corner and virtually no female company. But families too have their problems and the greatest of these perhaps is housing.

Rents rose very sharply up to about six months ago and have now levelled off to a plateau which is impossibly high for many. Two and a half years ago a luxury villa with five bedrooms and a garden cost some £12,000 a year to rent; to-day the same money might procure a small four-roomed apartment. Last year it would even have been difficult to find anything at all but rapid building and high prices have brought more housing on to the market and paying for a place is now a greater problem than finding one. Strict Government regulations on rent raising have now saved the tenant from a previous nightmare of finding his rent doubled or trebled overnight.

Despite accommodation problems foreigners are pouring into the Kingdom. The Five-Year Plan envisaged an additional 500,000 skilled foreigners and numbers to-day are already estimated at around 1.5m. The bulk of these are Yemeni labourers (perhaps as many as 1m.), followed by Egyptians (180,000), Sudanese and Indians (88,000 and 75,000 respectively) and 50,000 Pakistanis. South Koreans have recently joined the more traditional foreign labour as a result of large road contracts: 16,000 are already working in the country and another 8,000 are due to arrive shortly.

Westerners are also arriving in increasing numbers to take advantage of the work bonanza. The numbers of Americans have quintupled since 1971 and the near 30,000 present to-day is expected to double again in the next two years. The numbers of Britons have reached over 12,000, a more than 60 per cent. increase over last year's figures. It is all a far cry from the scene described by an observer 44 years ago when the foreign population of the country was concentrated in Jeddah and included a European community of some 40 souls. There were 18 British at the time of whom three were women (despite his urging that women could very well tolerate the climate). Social life was restricted to an occasional bridge or supper party; dancing parties were rare, he remarked ruefully, because of the lack of partners.

Prices

Prices of goods and services on the other hand would have delighted to-day's foreigners, hard hit as they are by inflation: Mutton he records was 5d. per pound, chickens 1/6 each, potatoes 3½d.; a cook cost £5.10s. to £7 a month and other servants £4 to £5. The cost of similar items to-day is very different and has shown a sharp rise in the past two years. Mutton for instance has increased from 60p to £1.60 in two years, chickens from £1 to £1.30, potatoes from 17p to 40p; a cook's wages have risen from £125 per month to £250 and those of a house boy from about £80 to over £180.

Inflation in the Kingdom has been running at the rate of about 60 per cent. to 70 per cent. over the past two years and an apparently high salary can quickly be eroded. Westerners by and large are trimming their standards of living, reducing the number of servants to one or none at all in face of the increasingly high wages offered by companies who must have servants to run their bachelor messes. Fewer individuals have beach houses of their own, fewer treat themselves to new clothes or local antiquities such as silver daggers or bedouin jewellery.

Rising costs add to the aggravation of living in a country where it is difficult to obtain what one requires or to have anything repaired. Mechanical and electrical equipment give up the ghost rapidly in a hot, often humid environment, where there is no preventive maintenance. One householder who went to get her washing machine repaired after two year's use was met with astonishment from the engineer that it could still be running at all after so long. Another switched on the washing machine in her new home only to plunge the apartment into darkness which it took three weeks to penetrate. She noticed that her neighbours had a piece of sellotape over their doorbell—to keep the sitting room light on of course.

Schooling can be a serious problem for expatriates. State schools are naturally all in Arabic and there has been no progress on the project for an international school in Jeddah, proposed by the Government two years ago. While western schools have not yet reached the crisis stage of the Pakistani one which is now running three shifts a day, pressure on places is building up. Jeddah has two English language schools: Jeddah Prep. and the Parents' Co-operative School. The former, founded by the British and Dutch communities in 1967, follows an English primary course and takes children to age 12. Two years ago it had about 100 pupils; to-day there are 240 and many have to wait for places. So far English and Dutch children have not lost more than one term's schooling but children arriving in Jeddah now cannot be promised places for the autumn. Fees are over £1,400 per year.

The Parents' Co-operative School follows the American system and takes children to 14 years. It has 1,200 pupils and has recently opened a new section to the north of the city where there is currently place for new arrivals. Fees are £2,000 per year and there is a building surcharge of about £650 to be paid by new entrants on joining. The International School in Riyadh also has space for new arrivals. There are 1,000 pupils and fees are currently £1,750 per year and expected to rise. There is also an entrance fee of £165, payable on joining.

Schooling

Keeping children happy can be as much of a problem as finding schooling for them. Family life is traditionally lead within one's own home and gardens are surrounded by high walls; children do not go out to play in the street and parks and playgrounds are still only at construction stage. Children and their mothers often suffer from loneliness and isolation, aggravated by the lack of public transport and the fact that women are not allowed to drive. Taxis are available at around 75p per trip but women alone are theoretically forbidden to take them, there is always a hassle over the fare, and it is not safe anyway to take a taxi after dark for women and children.

Western women often find their position difficult in other ways, living in a society whose own women are still relatively secluded. They find that unless they adopt long dresses they are subjected to some embarrassment in the streets; they may have to wait in shops while a man coming from behind will be served first. If they work in offices they may have to be kept out of sight since theoretically women should not work where there are men.

Nevertheless opportunities for women are very good in Saudi Arabia and a large proportion of expatriate wives have remunerative jobs or pursue some lucrative art or craft. The demand for labour is high and the competition low, so that women often find they have better and more interesting work than they ever had at home. Husbands, too, are more willing to see their wives go out to work when the wage packet is high and tax free, and the alternative may be a lonely bored wife cooped up in the home.

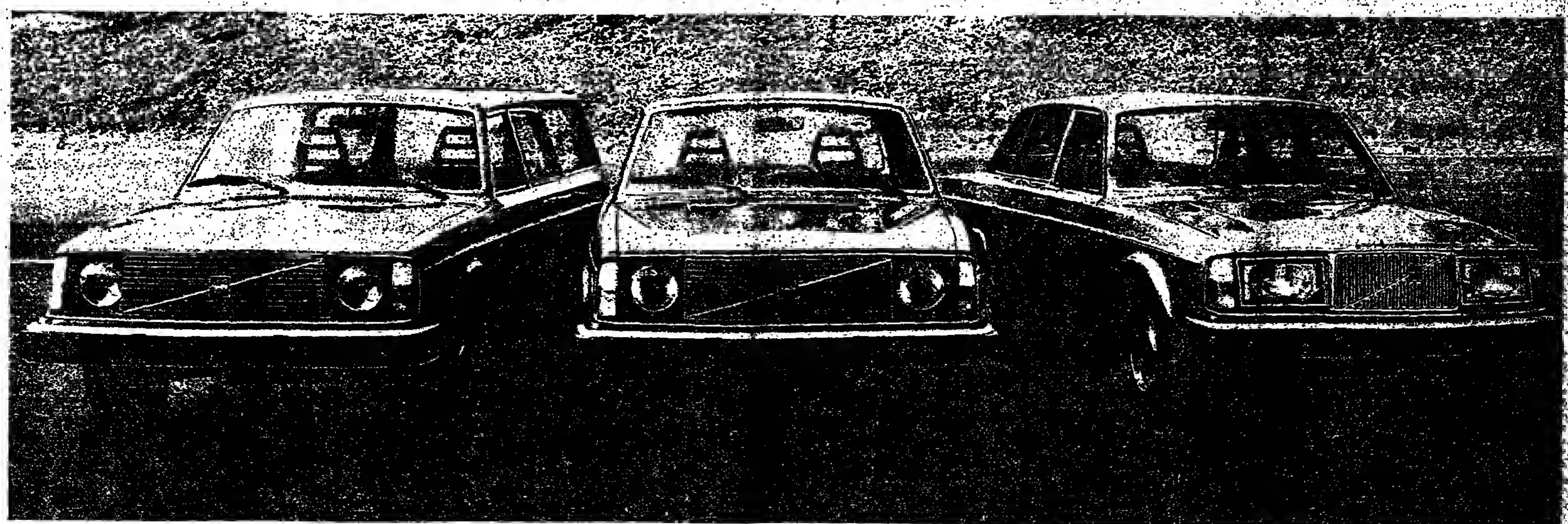
For many couples, their spell in Saudi Arabia is the hardest working of their life. Hours are long and the amount of work for many seems unending. The chance to put aside something for the future is an incentive for those who work on their own account to put in long hours, and many work simply because there is not much else to do. There are no theatres or concerts, only a few private cinemas, not many clubs and societies since it is only recently that these have been tolerated. Alcohol prohibited—and prohibitive at £50 a bottle of Scotch whisky, though many privately distilled "Sadiqi" ("Friend") is an acceptable, cheaper alternative which can be supplemented by home-made wine or beer. Restaurants generally are expensive and mediocre.

For those who enjoy the desert or the sea the country offers excellent opportunities for weekends in the where warmth and sun guaranteed. The indeed, becomes exce much of the summer w peratures rise above and active leisure consequently exhausti the Red Sea offers best coral reefs in for snorklers and divers those with access to a fo drive vehicle there is sible kind of desert sc which they can travel in perfect security. The security of the realm is able and its people ex law abiding. The trav sleep under the stars in the desert without the householder has of a robbery in Saudi than anywhere in the

Roads

The only danger expatriate living in Arabia is on the roads number of vehicles creased from 40,000 ago to 300,000 to-day accident rate has rise ingly. Driving standard unpredictable that it is employer prefers not a vehicle available to from England have fo fear of the accident ri drivers and others go an accident in which killed will cost the "blood money" for dead. A car insurance Arabia obtained before the country is a investment. However injured, Saudi and ex alike are likely to hended by the police nesses and incarcerat prison 'hospital' whe chances of proper trea minimal. The hazards of the frustrations of life Arabia are multitudi and Bill certainly der savings which they sh back home.

Bryn W



هكذا من الاصل

Details have been leaked of another report to the Government—on broadcasting. **Arthur Sandles reports**

Finding the right channel

E BBC grew agitated about ITV was frankly frightened it; the Tories thought it relevant; and the Labour ty is pre-occupied elsewhere. the first hints of what is ally in the Annan Committee report on the Future of adcasting in Britain suggest it is a more muted and soned document than some feared, or perhaps hoped. of its more radical proposals concern policies for elopments yet to come. The rtlands of the present structure of broadcasting remain tively unscathed, although six minority group rebels, uding Mr. Tom Jackson, ld have it otherwise.

owever, after its two years deliberations about an istry notorious for its use but articulately expressed views, the report would n to contain a fascinating raisal of broadcasting as it is, and might become. The was frightening. Each aber has something like 11 dredweights of written evidence, and each has been subjected to slick presentations by ractors and advertisers fight for their commercial lives, quiet lobbying from people hiened of losing their jobs ey spoke too openly.

that is irritating the commee now is that too little of report has leaked out too

man has, in effect, said the present organisation broadcasting, balanced as it etween a publicly financed m and one whose revenue is n from advertising, is the t one and should be con-ed. The main criticisms are ocal broadcasting, and the proposals are for the future of the fourth channel.

Even had Annan and his team wished to suggest radical changes, there is much to prevent it. Current BBC and ITV contracts expire in 1979. There is simply not enough time between now and then to make any radical alterations, and neither organisation would rest content with a further temporary extension just to enable a Government to work out ways of giving the job to someone else.

Perhaps even more important is that there are physical limitations to any changes that can be suggested unless massive financial investment is proposed. The present BBC/ITV system of three active channels and one spare is an unchangeable framework, thanks to the pattern of transmitters, and frequency usage decisions taken 20 years ago. The only room for innovation is in the allocation of that fourth channel and, at some time in the distant future, the restructuring of the airspace currently used for the old 405 line monochrome transmissions.

Even when the Annan Committee was set up for the second time (in 1974, the Tories had cancelled it before that) there were few who believed that either the BBC or ITV would be restructured to any major extent. Now there would seem little prospect of Annan's suggestions for the use of the fourth channel will be implemented. This is partly because the Labour Government does not have the resources for such a venture and partly because any Tory Cabinet is unlikely to share Annan's enthusiasm for a fourth channel which would seem to be remarkably close in structure to the American Public Broadcasting System but with a dash of education and a salting of advertising.

In making its recommendations for the fourth channel the Committee has completely dismissed the ITV suggestion that Channel Four should be ITV-2. People like Lord (Lew) Grade were determined to win this extra vehicle. It has also vetoed the BBC's opposition to the setting up of a third authority — in Wales, for example, the BBC wanted an ITV-BBC co-operative to run a Welsh language channel.

Instead, Lord Annan appears to have accepted almost completely evidence submitted by the freelance television and film producers. For years now this section of the industry has been complaining that both the British film industry and the television companies are over-cautious in the type of work they do, and are less than eager to shop around for bright ideas that do not originate within their own organisations. This problem has become accentuated recently as the BBC and the ITV companies have gone through their respective cash crises (ITV appears to have emerged from its difficulties in that direction). When times are bad the companies obviously try to get as much done in-house as possible.

The evidence which the Association of Independent Film Producers gave to the committee last summer reads remarkably like the final conclusions drawn by the committee itself. "A basic criterion for the setting up of any new television channel in this country, if it is not to duplicate and compete with what is being produced on the other three channels is that it should broaden the base of cultural activity within this country, by fostering new talent, ideas and skills and allowing them access to the channel, and that this should happen on a continuing basis, and not just with the initial setting up of the channel."

The producers went on to argue that "the fourth television channel should invest no money in productive capacity (this would not conflict with other proposals for educational, regional and access use) but should act simply as a distribution channel for independent production; that it should be financed partially through the television levy on excess profits from advertising partially though advertising itself."

In the report the Annan Committee raises the ugly word "sponsorship" as a possible source of revenue for the fourth channel. This is likely to provoke considerable excitement among observers whose main experience of such sponsorship is on Radio Luxembourg and at Grand Prix race meetings. In fact, the sponsorship that Annan has in mind is already a valuable source of income in U.S. television and in music in Britain without being intrusive. In the U.S., the Exxon Corporation might finance a two-hour film, or costume drama series, for no greater reward than to have its name at the start and end of the programme. On the television pages of the newspapers, however, the company will take large advertisements declaring that Lorna Doone or whatever it may be "is brought to you by Exxon." The idea is not that it sells petroleum products, but that it establishes the company as a "nice-guy" image of a corporation interested in culture as well as making money out of energy shortages.

It would not be surprising if the full report has some remarks to make about what it regards anyway as covert sponsorship on British television. Some members of the committee appear to feel concern about sponsored sports meetings and the question of co-productions, particularly the relationship between the BBC and the Time Life Corporation of the U.S.

The BBC might be unhappy about those comments, but it cannot fail to be delighted at the proposal that the licence fee should still be its major source of revenue. If anything has worried the Corporation over the past two years it is the thought that it might be subject to some sort of direct grant system. Sir Charles Curran, director-general of the BBC, has delayed his departure from the Corporation just so that he can fight that particular fight. It might also be pleased that the idea of splitting up the BBC into smaller units, notably into a radio corporation and a television corporation, has been outvoted, if not dismissed altogether.

However, neither the BBC nor ITV can be in any way pleased with the waspish comments that are to come about local radio. When the committee says local radio is a mess there are many who are not going to disagree but, given the background to Britain's present local radio system, such a mess is hardly surprising. The BBC set up its system short of money and expertise. The IBA network, under the overlordship of Mr. John Thompson, was halted in mid-stream by a new Government and struggled to get going at a time of economic downturn. Mr. Thompson is accused by some of turning a blind eye to the original concept of local commercial radio and indeed to many of the station proposals, in order to keep the whole thing afloat.

Given the political circumstances under which the report is being published, and against the present economic background, it seems unlikely that any Government will move quickly to take action about Annan. But that is hardly the point. The Pilkington Committee report of 1962 had a savaging from the commentators when it was published. From then on, however, it had a significant effect on broadcasting policy making and on broadcasting thought. If Annan succeeds in making broadcasting think about itself, and even better if it makes others think about broadcasting a significant step forward will have been taken.

Annan: too little too soon

Jackson: the group of six rebels

Curran: staying on for the fight

Grade: no new channel

Letters to the Editor

Current cost accounting

From Mr. F. Coad

—In his article of March 15, imon Archer dismisses the lled "unit of measurement nent," and suggests that it sed on a confusion. I sus- bowever, that he has missed oint of the argument. He rightly states that "money tore, as well as a measure, ealth; accounting can and deal with it in both its ts." The argument, how- relates not to the end to chieved but to the concep- tools (if you like, the nting language) by which chieved. A unit of measure- which measures money's lon as a store of value, is sarily a different unit of urement from that which ures the functions of money means of exchange (or d, as a unit of record). If nt cost accounts, which ly correspond to the means change function, are to in- rate measures of changes rchasing power, this can be done by a process of slation" which is precisely gous to the translation of nts from one currency into er currency.

vas precisely because many a working examples which put forward under the old nt purchasing power pro- s failed to recognise this they produced accounts were demonstrably mean- s or nonsense (as anyone took the trouble of prepar- set of model accounting ts in both units of measure- could readily establish). ly, the Morpeth proposals, r proposed supplementary nent do make a rough and edjustment which achieves rrect end, although in such terms that it must be open estion as to how useful the may be.

ure to take account of this has dogged the whole infla- ting debate, but until mechanics are grasped tisfactory solution of the assets problem will be . The fallacy in Mr. r's argument is that he recognised the basic ple that language of any devices its meaning, and imposes boundaries on its s a tool of communication, the very use to which it is single word "primate" e applied validly both to a ey and to an archbishop, If Mr. Archer does not nise the logical limitations imposes on the use of the be might find himself in embarrassment.

y Coad.
anchester Square, W.1.

The discussion following the Sandilands report indicates that the choice of accounting presentation—using the "building brick" approach favoured by Sandilands or a more prescriptive form showing a single "distributable profit of the year"—has yet to be finally settled. In this context the treatment of monetary assets and liabilities is important since the form of presentation chosen will emphasise a particular capital maintenance concept whereas the different figures produced by combining different "building bricks" are all of potential use to different users.

To include a provision to maintain capital which is financing monetary assets and to show a release of specific holding gains financed by creditors does not imply, as Mr. Ancastle suggests, abandonment of the money measuring stick. It merely indicates that where the Sandilands committee favoured discretionary deductions from or additions to current cost operating profit in arriving at total distributable profit the predominant preference may be that some transfers should be prescribed.

Walter Reid.
London Graduate School of Business Studies,
Sussex Place,
Regent's Park, N.W.1.

Sandilands not abandoned

From Professor W. Reid.

—Mr. R. Ancastle (March would be well advised to the full text of the London ict Society's submission on nting before jumping to ill-founded and totally leous conclusion that the Sandilands proposals are abandoned. The current hasing power method which advocates has convincingly shown to be an inappro- e system under inflationary itions of the kind which we ikely to experience. On the r band, in many countries tantial support is being by those who have thought usly about the problems of cting price changes in unts to the current cost unting proposals advanced he Sandilands Committee.

Volatile shares

From Mr. D. Damant

Sir,—The letter from Mr. R. C. Glass (March 17) about the "Diary of a small investor" is both wrong and right. A single example such as the achievement of Mr. A. H. Carter is not a valid proof: somebody nearly always does well simply by chance.

A private investor is able to take some very considerable risks with his money—not only in buying volatile shares but also in concentrating his interests in a few situations or being altogether in or out of the market; a larger institutional fund is unable to take such risks and is compelled to buy a large spread of investments. Large funds may also be unable to buy useful amounts of shares in smaller companies which are of course perfectly appropriate to the private investor, and this sort of share may not be as efficiently priced as the market in the leading issues.

An interesting point in Mr. Glass's letter is the reference to a trading rule. It is true that the naive random walk theory, as held by hardline Chicago school theorists such as Mr. Joel Stern, rules out the application of any device based upon the movement of past prices in the market. But a more sophisticated model of the degree of randomness in the Stock Exchange seems to indicate that quite important signals may be discernible on the basis of past information. The "weak" form of the efficient market theory may therefore be less valid than the "strong"!

D. C. Damant.
Investment Research,
28, Panton Street,
Cambridge.

Beating the market

From Mr. R. Beckman

Sir,—So that your readers are not misled by the innocent self-deception expressed by R. C. Glass on March 17, I would like to expand on the area of investment analysis supposedly disproved by the over-simplistic findings referred to.

In essence, the "efficient market hypothesis" as advocated by Joel Stern merely states: the market is perfectly efficient; there are no "free lunches"; one cannot predict the future with any useful or meaningful degree of accuracy based on historic events; therefore information of an historic nature which analysts may believe suggests a disparity between the market price of a share and the "intrinsic value" of a share is irrelevant. The current market price of a share is the correct price.

In practice the students of modern capital market theory suggest one cannot "beat the market" on a risk evaluated basis. One can certainly demonstrate performance superior to that of the Financial Times Industrial Ordinary Share Index during a rising market but only if one accepts risks commensurate to the degree of outperformance one wishes to achieve. Quite simply, any investor can build a portfolio of shares in companies with a debt to equity ratio in excess of the average debt to equity ratio of the FT30. Such a portfolio is likely to rise proportionately faster than the FT30 during the upturns but will fall proportionately faster than the FT30 on the downturns. Neither the "efficient market hypothesis" nor other related concepts in the area of modern capital market theory imply or suggest that one cannot achieve substantial gains on a portfolio exceeding general market performance.

Most recent findings indicate risk assessment is a far more reliable determinant of portfolio expectations than are methods based on "charts" or fundamental research.

The performance of the portfolio which Mr. Glass has provided in evidence of his preconceptions proves absolutely nothing. The surface dichotomy is purely a semantic one. Mr. Glass has one fixed idea as to the meaning of the phrase "beat the market," the academic another. From the evidence at hand, the academic definition would appear the more definitive.

R. C. Beckman.
Investors Bulletin,
Suite 491 Park West,
Edgware Road, Marble Arch, W2.

Drive against cigarettes

From Dr. G. Myddelton.

Sir,—Joan Roberts criticises the Government for the wrong reasons when she objects to the drive against cigarette smoking (March 15). The real question at issue is not individual liberty but the wholesomeness of a manufactured product.

There can be no danger to health in moderate tobacco smoking as such, since those who smoke pipes or cigars have almost exactly the same death rate as men who have never smoked at all. If the apparent statistical association between cigarette smoking and increased mortality is really one of direct cause and effect, as the Government's advisers evidently believe, then something in the manufacturing process of cigarette tobacco must give cigarette smoke lethal properties not shared by other forms of tobacco. Surely it is the duty of the authorities to find out exactly what this is and to prevent the industry from continuing to poison the public?

If, on the other hand, no chemical difference can be found between cigarette smoke and that of pipes or cigars, except that the latter is, if anything, rather stronger, then perhaps there should be second thoughts about the scientific soundness of a theory that cigarette smoking is the cause of widespread deaths from almost every disease in the textbook, especially coronary heart disease and lung cancer. When one realises that in women only one lung cancer death in five is even statistically associated with smoking, it must be obvious to any unprejudiced mind that the lung cancer epidemic must have some other cause.

The investigation of the role of air pollution by the exhaust fumes of the internal combustion engine, especially the diesel, is long overdue. What is needed now is unbiased research, not the blind following of theories based purely on statistics, and this should be succeeded by drastic action to protect the public, not further exhortation.

Geoffrey Myddelton,
Blue Moon,
1871 Chesières-sur-Ollon,
Vaud,
Switzerland.

Shortage of drivers

From The Director-General Confederation of British Road Passenger Transport.

Sir,—In his letter on truck drivers' hours of work (March 16) Mr. B. Gill touches briefly on the effects which EEC regulation 543/69 could have on the bus industry.

The problems for bus and coach operators are indeed different from those facing the haulage industry. This is why we have always taken the view that the EEC should introduce separate laws for passenger and goods operation, as is the case in Britain.

If the EEC regulation, or some variant of it, is introduced to Britain, it will have grave and far reaching effects on passenger road transport and, not least, on its users. Labour costs would be increased by between 20 per cent. and 50 per cent. depending on the type of operation. And this assumes that additional qualified drivers could be found (or trained) to meet the industry's increased labour requirements. This is not so. Even with current unemployment levels, some bus companies are short of drivers and it is quite unrealistic to expect that extra drivers could be found — particularly when the EEC regulation would reduce drivers' earning power.

The only conclusions which can be drawn from this are that there would be a decline in the levels of service offered by the bus industry — including the total withdrawal of some services — and that operating costs would rise rapidly, with consequent increases in fares or revenue support grant. There would be no benefits whatsoever.

Can this country really afford such an EEC regulation?

Denis Quin,
Sardinia House,
52, Lincoln's Inn Fields, WC2.

To-day's Events

GENERAL

TUC/Labour Party Liaison Committee meets.

Amalgamated Union of Engineering Workers executive and toolmakers' representatives meet British Leyland management to discuss grievances over pay differentials, following return to work.

One-day national port strike called over proposal to close municipally-owned Preston docks.

Mr. Takeo Fukuda, Japanese Prime Minister, begins two-day talks with President Carter, Washington.

Policemen's wives stage protest march and lobby MPs in support of police pay claim.

Lord Watkinson, CBI president, opens Kingston Regional Management Centre

Component buying team from Japanese Automobile Manufacturers' Association in Britain for three weeks.

Industrial mission from Canada begins two-day visit to Britain.

Nominations close in Sleaford by-election.

National Union of Mineworkers Yorkshire area annual council meeting, Barnsley.

Trade delegation from Bulgarian Chamber of Commerce begins six-day visit to Britain.

Sir Robin Gillett, Lord Mayor of London, opens annual exhibition of jewellery and silver, Goldsmiths' Hall, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Redundancy Rebates Bill, second reading. Nuclear Industry (Finance) Bill, remaining stages. Debate on EEC proposals for coking coal for steel industry.

House of Lords: Debates on EEC farm prices review and on Rhodesia.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (February). Monthly index of average earnings (January). Construction new orders (January).

COMPANY RESULTS

Low and Bonar Group (full year). Rolls-Royce Motors Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on Page 30.

EXHIBITIONS

British stamps and postal history, Gibbons Gallery, 399, Strand, W.C.2 (until March 31).

Books, drawings and papers of J. R. Tolkien, National Book League, 7, Albemarle Street, W.1 (until April 7).

MUSIC

Yitkin Seow gives piano recital of works by Bach, Chopin, Liszt, and Shulamit Ran, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

THEATRE

The Actors' Company begin a two-week season at Wimbledon with Pinero's "The Amazons."

COMPANY NEWS

NatWest chief on economic outlook

The need to help British industry through a flexible monetary policy and other measures is stressed to-day by Sir John Prideaux in his last annual statement as chairman of National Westminster Bank, writes Michael Blanden.

Reviewing the U.K. economic outlook for the current year the chairman sees little scope for a rapid economic upturn against the background of a sluggish world recovery and the restrictive domestic measures announced during last year. But he says there are prospects that exports and manufacturing investment could gradually become significant growth areas.

"In the immediate future, he says, it is inevitable that there will be a serious squeeze on both private and public consumption. This is a necessary requirement to restore a better balance to the U.K. economy.

There are reasonable hopes, Sir John says, of reducing domestic inflation towards the end of the year and more particularly in 1978. And he commends the increasing awareness that "rigid adherence to tight monetary targets is a vital instrument in any effective anti-inflation policy."

He emphasises, however, that "the authorities must ensure that nothing is done to prevent the industrial sector from gaining access to credit to finance its legitimate requirements for investment and stockbuilding."

It is important, he adds, "to ensure that the greater discipline which we have to accept should not cause long-term damage to British industry." The tight monetary controls now in existence should be applied "with the utmost flexibility, and slowly be relaxed as soon as the economic situation permits."

Other measures to help industry should also be considered, Sir John says, including a further relaxation of the price code as well as "a more favourable attitude to profits, incentives and business confidence." More generally, "we need a period of stability without further wasteful discussions inimical to confidence and national unity."

Sir John, who is to be succeeded as chairman by Mr. Robert Leigh-Pemberton after the bank's annual general meeting on April 19, comments on the role of the City in providing finance for industry and the issue of the proposals for nationalisation of the big four banks.

He argues that no convincing evidence has been produced to support the contention that the City has failed industry, and points to the facilities available from Finance for Industry, the new Equity Capital for Industry and the banks' own medium-term support.

The nationalisation proposals, he says, have "no constructive part to play in the country's future." The proponents of nationalisation, he says, have produced no reasons to justify such a measure, "and there is ample evidence that nationalisation of the banks would be contrary to the wishes of customers, staff and the community at large."

He welcomes, however, the establishment of the Wilson Committee—of which he is a member—to examine the operations of the financial institutions.

The chairman also draws attention to the special problems faced by the banks in relation to the proposed inflation accounting standard. He says that the present draft makes no provision for the erosion of the capital ratios of the banks caused by inflationary increases in monetary assets.

He also comments that further consultation and discussion on the Bullock Committee proposals on employee representation are needed before the Government gives any thought to introducing legislation.

The accounts show that future expenditure, including that authorised but not contracted for, amounts to £182.98m., compared with £196.11m. previously.

Sir John reports that in the capital programme, good progress has been made on the redevelopment of the Bishopsgate complex where the central core is nearing completion and the installation of plant and machinery is proceeding. Excellent progress has also been made on the new computer/clearing centre in Leman Street and this should become operational during the summer of 1978.

As already reported, profit before tax for 1976 was £187.77m. (£104.44m.) and earnings per share were 42.826p (24.596p) basic or 37p fully diluted.

The balance sheet shows current, deposit and other accounts standing at £15.38bn. (£13.24bn.).

During 1976, and particularly in the second half of the year, more definite indications of property values became evident; and, arising from further assessments made by the Bank's premises division, the directors considered it prudent to reduce the revaluation surplus by £50m. Following this reduction, these assessments show that there is no significant difference between the overall book and market values of the group's properties, the chairman states. Book value stands at £554.41m. (£549.54m.).

The Group's international operations continue to make a good contribution to profits and thus to the country's benefit also. In the context of international earnings much foreign business arises from the work undertaken for customers of the domestic banking division and new business is constantly being acquired in the numerous international financial centres.

In the domestic banking division, Sir John says that branch rationalisation continues but at a slower pace. With the substantial part of the programme now complete the remaining cases are those which pose greater practical problems in implementation.

He reports that in the autumn it is planned to amalgamate the dealing rooms of International Westminster Bank and the main International Money Desk in London.

Statement Page 31
See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Chambers and Fargus, Courtney Pope, R. Green Properties, Lawtex, Milo Marsters.

Finals—Beatson Clark, Jamesons Chocolates, Low and Bonar, Pataling Rubber Estates, Rolls-Royce Motors.

FUTURE DATES

Interims—

Brotherhood (Peter)	Apr. 22
Dowding and Mills	Apr. 13
Glaxo	Apr. 4
Jacks (Wm.)	Apr. 14
Pifco	Mar. 29
Smiths Industries	Apr. 14
Victor Products (Wallsend)	Mar. 30

Finals—

Ash and Lacy	Mar. 31
CSC Investment Trust	Mar. 22
Clifford Dairies	Mar. 31
Cosalt	Apr. 6
Expanded Metal	Apr. 4
Gibbs and Dandy	Mar. 25
Grampian Holdings	Mar. 30
Hewitt (J.) (Fenton)	Mar. 23
Hiltons Footwear	Apr. 6
Hyman (I. and J.)	*Mar. 31
Ibstock Johnsen	Mar. 23
Jardine Japan Investment Trust	Mar. 23
Magnolia Group (Mouldings)	Mar. 31
Nathan (B. and I.)	Apr. 22
North British Canadian Invest.	Mar. 25
Relyon PEWS	Mar. 25
Upton (E.)	Apr. 7
Weeks Associates	Apr. 13
Wilkinson Warburton	Mar. 24
Willis Faber	Mar. 28

* Amended.

Bright future for Aquis

THE OUTLOOK for Aquis Securities in 1977 is bright and there seems no doubt that profits will continue to grow, says Mr. Harold Quitman, the chairman, in his annual statement.

As reported on February 23, in 1976 pre-tax profit advanced from £255,601 to £334,920 on income up from £1.25m. to £1.5m. The net dividend is lifted to 0.6p Of gross rental income at £0.95m. (£0.85m.) the U.K. produced £0.79m. (£0.72m.) and Belgium £0.17m. (£0.13m.). At year end working capital showed a decrease of £0.24m. (£0.27m.) and secured bank overdrafts were up £0.73m. at £2.5m.

Mr Quitman says that the increase in bank borrowings, caused by the completion of several property developments, will be substantially reduced when they are fully let and sold.

As already known the fall in the market value of Atlas House, Cheapside, London, created a deficit of £3.9m. which has been written off against the company's share premium account.

A professional valuation of the remainder of the company's investment properties at December 31, 1976, showed a surplus of £0.22m. At that date freehold and leasehold properties were lower at £11.1m. (£14.46m.).

Substantial repairs to residential properties were carried out during the year but such expenditure will be reduced in the current year. A further advance in the rent roll of £50,000 is anticipated. Review of the lease for Atlas House has produced an immediate increase of £40,000 in net annual rent until 1979 and £60,000 for the remaining two years.

Because of a depressed office property market in Belgium a reduced profit is forecast for Aquis Belgium in 1977. For 1976 the Belgium property rents contributed £25,283 (£37,677) to group profit, and U.K. properties £0.23m. (£0.25m.). Property development produced profit of £20,231 (loss £43,032).

A profit of £57,482 (£9,432) from Clarendon Court Hotel greatly exceeded internal forecast and the results for the current year are expected to show a further substantial improvement, Mr. Quitman adds.

Assets up £13m. for Leeds and Holbeck

The assets of Leeds and Holbeck Building Society at December 31, 1976, increased by £13.86m. to £139.98m. and mortgage advances went up from £24.21m. to £27.61m. in 1976.

Receipts rose from £55.65m. to £59.02m. and repayments of mortgages totalled £13.16m. (£12.09m.).

Repayments to members and depositors were £46.31m. (£35.92m.).

Investments and cash amount to £25.07m. which is 17.91 per cent. of assets. Reserves increased by £0.74m. to £4.92m.—3.51 per cent. of assets.

The directors say that during 1976 another office was opened in Leeds which they expect will open up a new source of business. In the spring of this year a new branch will be opened at Leeds and another in South Wales.

Share Information Service

The following security has been added to the Share Information Services appearing in the Financial Times:—

Pentos 15% Conv. Unsec. Loan Stock 1985 (Section: Industrials (Miscel.))

ISSUE NEWS AND COMMENT

Mid-Sussex Water £3m. 13¼% debenture

Brokers Dennis Murphy, Campbell have arranged a placing of £3m. of 13¼ per cent. Redeemable Debenture stock 1985 at £99 per cent. on behalf of the Mid-Sussex Water Company.

At the placing price the running yield is 13.383 per cent. and the redemption yield is 13.456 per cent. The stock is payable as to £50 per cent. on March 24 with the balance of £49 per cent. due on June 28.

The first interest payment amounting to £5.082 gross per cent. will cover the period from March 24 to September 28 and will be payable on the latter date. Thereafter interest will be payable half-yearly on March 28 and September 28.

A second tranche of stock amounting to £300,000 will be available to the market until noon to-morrow and dealings are expected to start in a £50 paid form on Wednesday 23.

The company states that the present issue is being made to provide funds towards capital expenditure on the works necessary to fulfil the company's obligations to meet an increasing demand for water.

● comment

Mid-Sussex Water's issue is the first in the debenture market for some time and evidently the stock was swiftly placed in the market. There is no directly comparable gilt to this issue, but after the wide rise in gilt prices on Thursday (the terms of the issue were fixed on Wednesday evening) the redemption yield of 13¼ per cent. for Mid-Sussex is way above those for medium-term gilts. To get that sort of yield from a Government stock an investor would have to go to a date in the 1990s. So, assuming that prices do not collapse on Monday, a good response is expected to the second tranche of stock on offer to the market on Tuesday morning, and analysts are already talking of a point premium.

BIDS AND DEALS

Biwater 45p cash for Shellabear

BIWATER, the Dorking, Surrey-based water treatment plant concern, has emerged as the unquoted company which has been having bid talks with Shellabear Price (Holdings), the civil engineering, building and plant hire group. A joint announcement issued over the weekend said that discussions have now reached an advanced stage and, subject to an accountants' report, the terms of an agreed offer will be 45p cash for each Shellabear share. This will value Shellabear at £1.35m.

Biwater has instructed an independent firm of accountants to verify that the management accounts of Shellabear for the year to December 1976 are accurate and have been prepared on a consistent basis. They have also been asked to confirm that there has been no material adverse change in the financial, contractual and trading position and prospects of Shellabear since that date.

The Board of Shellabear and their advisers S. G. Warburg consider the terms of the offer to be fair and reasonable and the Board intends to recommend shareholders to accept. Certain directors and shareholders have given irrevocable undertakings to accept the offer in respect of their holdings totalling 1,592,928 Ordinary shares (approximately 53.09 per cent. of the issued share capital).

Biwater is being advised by County Bank who anticipate despatching documents relating to the offer by April 15, 1977 provided that the prior condition referred to has been satisfied.

The directors of Shellabear say they are satisfied that, having regard to unaudited accounts for the year ended December 31, 1976, results for that year will show a small profit before tax. This profit will be arrived at after writing back an amount of £100,000 of the substantial provision made for the serious and unexpected loss reported in the interim statement for 1976, which amount was attributable to the previous year.

Biwater, a private company, is engaged in the design, supply and installation of water treatment plants in the U.K. and abroad. Its emphasis in recent years has been to increase penetration of overseas markets and for the year to September 30, 1976, exports are estimated to have amounted to some 90 per cent. of turnover. Outside the U.K. Biwater is engaged on projects in Nigeria, Hong Kong, Indonesia, Kenya, Malawi, Jamaica, Saudi Arabia and the United Arab Emirates, and negotiations are currently at an advanced stage for new or extended contracts in Nigeria, Kuwait, Pakistan, Saudi Arabia, the United Arab Emirates and Brazil.

In 1975 Biwater was awarded the "Queen's Award to Industry for Exports," having achieved a six-fold increase in exports invoiced over the previous three years.

The directors of Biwater say they intend to continue the policy of expansion abroad, particularly in view of the anticipated low level of new business in the U.K. in the next three years. They are convinced that the ability to obtain further and larger overseas contracts "on a turnkey basis" will be enhanced by a merger with Shellabear, whose management and staff have considerable experience of the civil engineering aspects of water supply and sewage projects as well as of general civil engineering and large scale earthmoving.

Biwater and Shellabear are currently engaged together on a contract in Nigeria and they both anticipate that this will be satisfactorily completed within the next seven months. A tender has been submitted for an extension to this contract.

HAW PAR INTL.

Haw Par Brothers International, the Singapore-based group, is planning to buy out the 20p convertible redeemable guaranteed preference shares of its subsidiary, Haw Par (London) at a total cost of some £3m.

HPBI, which already holds all the Ordinary shares in Haw Par (London), bought 1.3m. of the convertible shares through the market in February at an average price of 14.46p cum dividends. Now it has bought a further 5.83m. convertible shares at a price of 14.44p ex dividend from institutional holders and is bidding for the rest of the 22.58m. in issue, also at 14.44p ex div.

The sellers of the 5.83m. preference shares will be entitled to receive dividends to be paid for 1976 and 1977, as will holders accepting the offer.

SELINCOURT

Selincourt has not been able to proceed with the agreement with the French Government for the take-over of the St. Joseph clothing manufacturing company in Bordeaux owing to lack of support of the French unions representing the St. Joseph workforce. Selincourt has no costs to recover nor commitments to provide for as a result of its involvement in this matter.

Tricosa SA, acquired by Selincourt in 1972, with fabric and garment production units in Paris, Nantes and Saumur has now emerged as a "substantial profit earning company."

Low & Bonar recommended bid for Craiks

Low and Bonar Group is to make a bid for the whole of the issued share capital of the Forfar weaving company Craiks, whose annual turnover is in excess of £1.3m. The Board of Craiks is recommending that all holders accept the offer.

Low and Bonar is offering three Ordinary shares of 50p each or £4 in cash for every £1 share in Craiks, giving a value of £320,000 for the cash alternative.

The shares in Craiks are to be acquired free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends and other distributions declared. The Ordinary shares in Low and Bonar to be issued pursuant to the offer will rank pari-passu in all respects with the existing Ordinary shares and will entitle the holders to all dividends and other distributions declared.

Low and Bonar's offer is conditional upon acceptances being received in respect of not less than 90 per cent. of the shares for which the offer is made or such lesser percentage as it may elect to accept. Irrevocable undertakings have been given to accept the offer in respect of 61 per cent. of the Craiks shares and listing for the Ordinary shares to be issued pursuant to the share offer being granted by the council of the Stock Exchange within 14 days of the offer becoming otherwise unconditional.

Net tangible assets of Craiks, as shown by the latest balance sheet at January 31, 1976 amounted to £250,227 and profits before tax for the year were £88,809.

Craiks has some 200 employees at its factory in Forfar. Their present conditions of employment with Craiks and its subsidiaries including pension rights, will be fully safeguarded and no redundancies are envisaged as a result of the offer.

This acquisition is Low and Bonar's first stage of a textile development programme, which will enable the group to extend its activities into the domestic market, the directors state.

M & J/PACE

M and J. Engineers, part of the publicly quoted, Dublin based, industrial holding company Abbey, has to-day acquired Industrial Holdings, which includes the Pace Plant Group companies. Pace has, in recent times, enjoyed a prominent position in the hire industry in the south of England, and has some depots based at Bristol, M... Ruislip, Newmarket, and ... Keynes.

M and J has a much wider network of some 12 depots operating from Manchester, Liverpool, ...ingham, Wolverhampton, ...ampton, Luton, Hitchin, ...gate, Croydon, Strood, and Southampton.

This acquisition will provide an improved framework of outlets for M and J and will considerably enhance the company's ability to provide plant and service to its national customers. M and J is now one of the major plant hire companies within the industry, apart from those with a public quotation in their own right.

REORGANISATION AT REDLAND

From April 1977 Redland Stone and Redland Gravel amalgamate and in future ... as Redland Aggregates. The company will be one of the principal divisions of the Redland group and be among the ... aggregate producers in the ...

This change, says Redland, ... considerably strengthen the ... ness, particularly at a ... difficult trading, and ... customers with a comprehensive aggregates service. A single ... force will market all products which include sand and ... crushed stone, coated stone, precast—and their contract services.

Redland Readymix will continue to operate as a subsidiary company within the new division. Mr. C. R. Lawless, a director of Redland, will become division chairman. Mr. D. Taylor has been appointed chief executive and will operate from the division's office at Groby, Leicestershire.

هكذا من الأصل

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially notified. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown are those of last year's announcements, except where the preliminary profit figures usually accompany final dividend announcements.

[illegible]

Public Works Loan Board rates

Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments.

Effective from March 19, 1977

Years	Quota loans repaid by EI‡†	by EI‡	at maturity	Non-quota loans A* repaid by EI‡†	by EI‡	at maturity
Up to 5	10	10	10½	11½	11½	12¼
Over 5, up to 10	10½	10¾	11	12½	12½	13
Over 10, up to 15	12	12¼	12½	12¾	13	13¼
Over 15, up to 25	12½	12¾	12¾	13	13¼	13½
Over 25	12¾	12¾	12¾	13¼	13¼	14

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hambros Bank	10½%
Allied Irish Banks Ltd.	10½%	■ Hill Samuel	§10½%
American Express Bnk.	10½%	C. Hoare & Co.	†10½%
A P Bank Ltd.	10½%	Julian S. Hodge	11½%
Henry Ansbacher	11 %	Hongkong & Shanghai	10½%
Banco de Bilbao	10½%	Industrial Bank of Scot.	11½%
Bank of Credit & Cmce.	11½%	Keyser Ullmann	11 %
Bank of Cyprus	10½%	Knowsley & Co. Ltd.	13 %
Bank of N.S.W.	10½%	Lloyds Bank	10½%
Banque du Rhone S.A.	11 %	London & European	12 %
Barclays Bank	10½%	London Mercantile	11 %
Bremar Christie Ltd.	12 %	Midland Bank	10½%
Bremar Holdings Ltd.	12 %	■ Samuel Montagu	10½%
Brit. Bank of Mid. East	10½%	■ Morgan Grenfell	10½%
Brown Shipley	10½%	National Westminster	10½%
Canada Permanent AFI	10½%	Norwich General Trust	11 %
Capitol C & C Fin. Ltd.	12½%	P. S. Refson & Co.	10½%
Cayzer Ltd.	10½%	Rossminster Accept'cs	11½%
Cedar Holdings	12 %	Royal Bk. Canada Trust	10½%
Charterhouse Japhet	10½%	Schlesinger Limited	11 %
C. E. Coates	11 %	E. S. Schwab	12 %
Consolidated Credits	11 %	Security Trust Co. Ltd.	12 %
Co-operative Bank	*10½%	Shenley Trust	14 %
Corinthian Securities	10½%	Standard Chartered	10½%
Credit Lyonnais	10½%	Trade Development Bk.	10½%
The R. Davies	12 %	Twentieth Century Bk.	12 %
Duncan Lawrie	10½%	United Bank of Kuwait	10½%
Eagil Trust	10½%	Whiteaway Laidlaw	11 %
English Transcont.	12 %	Williams & Glyn's	10½%
First London Secs.	11 %	Yorkshire Bank	10½%
First Nat. Fin. Corp.	14 %	■ Members of the Accepting Houses Committee.	
First Nat. Secs. Ltd.	14 %	* 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7¾%.	
Antony Gibbs	10½%	† Call deposits over £1,000 6¼%.	
Goode Durrant Trust	10½%	§ Demand deposits 7¼%.	
Greyhound Guaranty	10½%		
Grindlays Bank	10½%		
Guinness Mahon	10½%		

INTERNATIONAL COMPANY NEWS

Earnings decline at Ericsson

BY WILLIAM DULLFORCE

STOCKHOLM, March 20.

L. M. ERICSSON, the Swedish telecommunications group, shows an earnings decline of Kr.301m.—or over 42 per cent.—to Kr. 407m. (£56.2m.) in the preliminary results for 1976.

The Board recommends a dividend of Kr.5 a share, the same as for 1975, if allowance is made for last year's scrip issue. However, it is not repeating the Kr.1 bonus paid in its 1976 centenary year, so that the total dividend payment would be Kr.109m. against Kr.112m. for 1975.

Turnover in 1976 grew by 14 per cent. to Kr.7.3bn. (£1.01bn.) after adjustment for the group's French subsidiary, whose results have been included under the equity accounting method after last year's deal with Thomson-CSF, under which Ericsson ceded majority control.

This is only one change in the preliminary accounts which makes direct comparison with previous years difficult. Currency losses are also shown differently. Thus, while the nine-month interim report recorded unrealised exchange losses of Kr.343m. before the pre-tax figure, only Kr.211m. is shown in the preliminary account for the year as a whole.

Instead, losses of Kr.84m. by the parent company are included in selling, technical and general expenses, while losses amounting to Kr.129m. from the Italian and Mexican currency devaluations are listed separately and charged against a special reserve for receivables.

If managing director Björn Lundvell's suggestion that the figure for earnings before currency losses is "more meaningful," is accepted then Ericsson experienced a profit fall of just under 22 per cent. in 1976, or slightly more than forecast in the nine-month report.

Adjusted net earnings work out at Kr.10.45 a share against Kr.15.40, if the extraordinary currency losses on the Italian and Mexican operations are excluded, or at Kr.6.85, if they are included. After appropriations showing a further transfer of Kr.65m. from the special reserve for receivables, a reduction from Kr.336m. to Kr.184m, in transfers to other reserves and tax of Kr.140m. against Kr.200m., the group shows a net profit of Kr.145m. compared with Kr.170m. for 1975.

Capital investments grew by Kr.41m. to Kr.585m. and the net interest charge by Kr.43m. to Kr.202m. Depreciation of Kr.289m. is charged at replacement value.

The value of the order intake during 1976 was Kr.7.17bn., a decline of 7 per cent. The management hopes for a 10 per cent. improvement this year, which would imply an unchanged volume.

The preliminary report sees no signs of an increase in the rate of investment in telecommunications networks on the group's markets. Net sales should be marginally higher this year but Ericsson does not consider it feasible to forecast 1977 earnings in view of the uncertainties over business conditions and capacity utilisation.

Losses at Van Gelder

BY MICHAEL VAN OS

AMSTERDAM, March 20.

VAN GELDER PAPIER, the troubled Dutch paper manufacturer, has disclosed losses totalling Fls.37.8m. in 1976 and it proposes to omit the dividend. The previous year ended with a loss of Fls.25.2m.

The company, in which Crown Zellerbach of the U.S. has a 50 per cent. interest, added that the first two months of the current year had "still not shown an improvement." Capacity utilisation is low and prices unsatisfactory, the Board added.

Van Gelder was able to push up sales, however, to reach Fls. 878m. in 1976 which compares with Fls.801m. the year before. The company exports about a third of turnover in paper manufacturing, which accounts for about 60 per cent. of total sales.

Van Gelder was in the news at the end of January this year when it announced it was forced to cut its staff of around 5,400 by 1,100 in the course of this year to restore profitability. It added that State financial assistance had been sought.

* * *

HOLLANDSCHE BETON GROEP (HBG), Holland's largest construction company, reports a strong growth of 1976 profits, turnover and an increase in the dividend.

The company said in Rijswijk that net profits had risen to Fls.35.3m. from Fls.26.6m. in 1975 and that turnover had jumped to Fls.2.27bn. (Fls.1.81bn.).

HBG's Board proposes to raise the 1976 dividend to Fls.5 per ordinary share of Fls.20 (equally 25 per cent.), from 22 per cent. the year before. Fls.1 has already been paid as on interim.

Hitachi profit forecast

TOKYO, March 20.

HITACHI predicts net profit for the second half of fiscal 1976 ending this month will decline slightly from Y15.24bn. in the first half ended last September, but will be well above Y11.23bn. in the same period a year ago.

It said sales in second half will rise from the first half's Y622.27bn. and Y451.81bn. a year earlier.

Net profit and sales in the whole of fiscal 1975 were Y19.37bn. and Y1,090bn.

For the estimated slight decline in the second half earnings the company cited a slowdown in sales of electrical equipment.

Reuter

Money and Exchanges

Bank of England Minimum Lending Rate 10½ per cent. (since March 18, 1977)

The downward pressure on interest rate built up once more in the London money market last week, following the Bank of England's decision to cut Minimum Lending Rate by 1 per cent. on the previous Thursday and the reactivation of the MLR market-related formula the following day. Market expectations were for a further reduction of ½ per cent. in MLR from Tuesday onwards, with discount houses buying rates for three-month Treasury bills below 10 per cent.

A signal on interest rates was given by the authorities on Thursday by forcing five or six houses to the moderate amount of help required by way of loans for seven days at MLR of 11 per cent. The message was that the Bank of England was looking for moderation in the following day's Treasury bill tender, but the initial reaction was for a further easing of Treasury bill rates to around 9¼ per cent., indicating a cut of ½ per cent. to 10½ per cent. in MLR.

This was clearly more than the authorities were prepared to accept, and to guard against such an eventuality the Bank of England had issued a notice on the previous Friday reserving the right to override the formula. On Friday morning market rates indicated a further cut of 1 per cent. in MLR, and at the weekly Treasury bill tender the average rate of discount fell by 0.9491 per cent. to 9.3326 per cent. giving a normal market related MLR of 10 per cent., but the formula was overridden to give a Minimum Lending Rate of 10½ per cent.

Sterling was very firm during the first four days of last week, remaining between $1.7175 and $1.72 throughout. The move by the Conservative Party to propose a vote of no confidence in the Government pushed the pound down quite sharply by mid-day on Friday, while the authorities were reported to be intervening in the forward market to ease the slide in Eurosterling interest rates. Earlier in the week the Bank of England had prevented the spot rate from moving above $1.72 in terms of the dollar, taking in foreign exchange, which some observers estimated at $500m. in the process.

The pound touched a low point of $1.7150-1.7160 on Friday, before closing at $1.7167-1.7177, a fall of 13 points from the previous Friday. Discount's on forward sterling narrowed as a result of the decline in interest rates. Three-month sterling's discount against the dollar narrowed to 2.78 cents from 2.92 cents a week before.

The pound's trade-weighted index in terms of 20 other currencies, on the basis of the Washington Currency Agreement of December 1971, narrowed to 61.9 from 62.

The Bank of Italy gave extensive support to the lira following the riots in Bologna. By the end of the week there was less pressure on the currency however and it finished at L886.85 in terms of the dollar, compared with L883 on the previous Friday.

The Canadian dollar was less volatile than during the previous week, but may have required some central bank support at times. It ended on Friday at 94.53½ U.S. cents, compared with 94.74¾ at the end of the previous week.

Gold attracted a good buying interest, rising 3¾ on the week to $149½-150¼.

[illegible]

FOREIGN EXCHANGES

[illegible]

GOLD MARKET

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

FORWARD RATES

[illegible]

SPECIAL DRAWING RIGHTS RATES

[illegible]

EXCHANGE CROSS-RATES

[illegible]

MINING NOTEBOOK

Platinum price hopes in Johannesburg

BY LODESTAR

THE FREE MARKET price of platinum has been recently acting like someone trying to climb a greasy pole, a little upward progress being followed by a slide. The producer price remains at $162 an ounce. Open market levels are $162.50 in New York and £94.70 in London.

Something in the region of 50 per cent. of platinum demand comes from Japan, and the bulk of this is for jewellery: Japanese women, and men for that matter, prefer to wear platinum rather than gold.

The other major offtake, between 25 per cent. and 30 per cent., is accounted for by the automobile industry in general and particularly that in the U.S. with its emphasis on the use of platinum for cleaning exhaust emissions.

Bearing in mind these thoughts our Mining Editor, Kenneth Marston, spoke to the leading figures in the platinum mining industry while he was in Johannesburg. Both Sir Albert Robinson, chairman of Rustenburg Platinum, and Mr. Jan Greig, who heads the Union Corporation group's Impala Platinum, took a cautious view of the near-term outlook for the metal. But they were both still hopeful.

As with so many other commodities, forecasting is bedevilled by the still none too certain outlook for the U.S. economy. Greig, however, was mildly bullish on this score although he saw no big increase in prospect for Japanese demand and commented that the European market remained sluggish.

He also pointed out that the Soviet Union, which is the main supplier of platinum to the free market, has been involved in a big expansion of production. The Russian platinum mines, incidentally, also produce nickel. So their expansion is not going to cheer the western miners of the latter metal.

Impala still plans to raise its planned annual production rate for the current year to June 30 by 100,000 ounces to 700,000 ounces, but the attainment of this depends on a satisfactory labour supply. Both Impala and Rustenburg are concerned about production costs and they regard a higher price for their metal as more immediately important than any major increase in output.

The outlook for the producer price? Greig said that if he were in a really optimistic mood he would suggest that it could rise from its present $162 to $190 by the end of 1977. But he reckoned that it would be more realistic to look for an end-year level of around $170-$175.

Perhaps, Marston surmises, the end-1977 producer price of platinum will turn out to be somewhere between Greig's optimistic and realistic estimates. A factor to be reckoned with is the recent rise in the price of gold to just on $150 per ounce. This move, which reduces the price margin between gold and platinum, must be giving some food for thought to jewellery trade buyers. Gold closed in New York on Friday night at $150.50, thus opening a new "chartist" ball game.

Vultan broadside

That there was likely to be a new boarding party attempting to storm one of Australia's surviving boom-time babies, Vultan Minerals, was indicated here last December. The candidate nominated was Greenbushes Tin, which has a three-year deal with Vultan to work the company's tin-tantalite ground in Western Australia. I now hear from some U.K. shareholders that the first broadside has been fired.

Greenbushes is seeking proxies to authorise the removal of the present Board and to replace it by its own representatives. It is claimed that the Vultan directors do not own any significant stake in the company and, as previously revealed here, actually disposed of 225,000 shares to Greenbushes from an associated concern, Ferrovanadium.

This, it is considered, "signifies a complete lack of interest" by the present Board in Vultan's activities. Greenbushes is naturally mainly intent on rationalising its own tin-tantalite activities with those of Vultan whose current financial position is considered to be "tenuous," with its only source of income the fees paid by Greenbushes for the licence agreement. Without this, it is claimed, Vultan "could not continue to operate."

Curiously, no mention is made of Vultan's partially successful attempt to diversify into American oil and gas ventures, although Greenbushes is itself believed to be not entirely uninterested in spreading its own activities. In view of the large number of shares held over here, the outcome of the renewed battle for Vultan must depend to a great extent on the reaction of U.K. holders—despite the fact that Greenbushes' stake in the company is already 18.55 per cent. The extraordinary meeting date is April 12.

Unless there is a really convincing riposte from the present Board, headed by Mr. Hector Ward, Greenbushes seems set to win, which might not be a bad thing in Vultan's present rather moribund circumstances. The shares are quoted in London at 8p.

Key Lake uranium

I mentioned the words Key Lake to a frustrated Australian uranium miner last week. He gave a little shudder. Key Lake is in Saskatchewan, Canada. It is the scene of what looks like a really major uranium find that could provide another strong market competitor for the Australians in the 'eighties. Estimates to date of the Gartner deposit indicate 49.4m. pounds of uranium oxide and 41.8m. pounds of nickel with values ranging up to 45 per cent. for both minerals over 1 foot sampling widths.

Moreover, a second deposit, the Deilman, is being actively drilled with indications that it could be the larger of the two. The partners are Germany's Uranerz, America's Inexco Oil and the provincial government's Saskatchewan Mining Development Corporation with a third stake apiece.

To bring the deposits to production would cost at least $100m. (£55m.) in this difficult region. And there is the problem of the two-thirds overseas interest to be solved. Foreign control would not be allowed by the Canadian Government. Even so, there is no doubt that, while they sit twiddling their thumbs waiting for the go-ahead that never comes from Canberra, the down-under uranium finders will be keeping a close eye on Key Lake developments.

INSURANCE

Export credit guarantees

BY OUR INSURANCE CORRESPONDENT

THAT TRUTH is indeed stranger than fiction is not to be doubted. Witness the way in which in these parlous times British exporters are obliged to provide guarantors for overseas buyers: and not just guarantors who will pay on positive failure in part or in whole to deliver the goods; but guarantors who will provide "on demand" bonds which can be enforced by overseas buyers without showing any financial cause.

Despite the realisation that "Made in Birmingham" have become almost dirty words, and perhaps not without reason, and that performance bonds are regularly required to oil the wheels of exporters and alleviate the anxiety of overseas buyers, the existence of "on demand" bonds had not obtruded on my consciousness until about four weeks ago. Then I read of this nasty fact of modern commercial life in the law report of *R. D. Hardbottle (Mercantile) Limited v National Westminster Bank and Others*, a dispute between an exporter and his banker guarantor on which Mr. Justice Kerr was obliged to adjudicate.

On first demand

Truth to tell, that report left me wondering why the action was ever brought. Hardbottle had been obliged to provide a bank guarantee for 5 per cent. of the contract price of goods it was exporting: that guarantee had been provided by NatWest. Hardbottle authorising NatWest to pay "on first demand" without any safeguard, giving NatWest an indemnity and the right to debit their account on such payment. The demand was made, and NatWest paid, but Hardbottle said this was wrong and against their wishes.

The judge ruled that whatever the differences between exporter and overseas buyer (which would have to be resolved by litigation or arbitration), the bank's obligations stood separate. Hardbottle had taken the risk of this with the unconditional wording of the guarantees.

"The commitments of a bank are on a different level and must be allowed to be honoured free from interference by the courts, otherwise trust in international commerce could be irreparably damaged," said the judge.

In the last week or two, a specialist insurer, Credit and Guarantee Insurance Company has been publicising the "dangers and perils" exporters can encounter by using bank bonds and guarantees—but I think perhaps ducks the question: What can the exporter do if the overseas buyer insists on an unconditional, on demand, guarantee?

CGI suggests that what the exporter should offer, and before he is asked by the overseas buyer, is a conditional guarantee of the kind that CGI is ready to provide.

The conditions are for the protection of the exporter, and require the overseas buyer to substantiate his loss, principally by any of the following means: by an arbitration award under the contract, by an unsatisfied judgment debt following an award by a U.K. court, or in the event of liquidation, by written evidence from the liquidator that the debt will rank in the insolvency—but also by written evidence in accordance with special procedures which insurers themselves lay down.

Payment under the guarantee is promised within 30 days of insurers' receipt of evidence that the customer has exercised all legal rights and remedies against the exporter and that the customer's loss is not recovered from the exporter. CGI is prepared in the appropriate case to provide a guarantee for 25 per cent. and not just the contract value, but also for the value of any advanced payments.

Insurers reckon that premium will be charged in the range of £0.5 per cent. to £3 per cent. per annum, this rate being applied to the maximum amount of the guarantee. Because of the large range of underwriting factors that determine rate, it is not possible to provide a more accurate estimate of cost. Subject to exchange control regulations, settlement can be made in currency other than sterling.

From the exporters' point of view, fine. But overseas buyers have the advantage, if they are so minded, that they can refuse to buy unless exporters provide them the kind of guarantees they require, in which event the exporter has the choice of not selling his goods or doing his customer's bidding.

This being so, as the judge said in the recent case, the exporter must be occasionally at risk, for, although "sellers rely on the probity and reputation of their buyers and their good relations with them." it is inevitable that sometimes this trust is abused.

London tea sales

At the tea sales held in London last week 53,445 packages sold realised an average price of 210.47p per kilo compared with 168.87p at the previous sales and against 88.59p a year ago. Plain tea was quoted at 190p.

	No. of kilos	Average per kilo
Amrao Highland Prod.	65 294	212p
Amgoorie	12 140	212½p
Assam Co.	49 905	213p
Assam Dooars	6 104	203p
Assam Frontier	113 321	205p
Attaree Khat	40 792	210p
Borelli	24 398	218p
Chubwa	13 257	210p
Chulsa	7 902	195½p
Dekhari	26 841	213p
Doom Dooma	32 643	210½p
Eastern Assam	21 313	209p
Janaliha	48 953	224p
Jhanzie	7 928	216p
Jokai	55 776	204p
Jorehaut	0.347	200p
[illegible]	[illegible]	[illegible]

Stocks at March 11 amounted to [illegible] metric tons.

OVERSEAS MARKETS

BY MARY CAMPBE[LL]

EUROBONDS

Analysing the Inchcape convertible

BARINGS, lead manager for the controversial Inchcape convertible, said yesterday that the issue had been "extremely popular"—the understatement of the week if not the year.

The managers and the company have decided however to stick by the indicated conversion terms although this means setting the conversion price at a discount from Friday's stock-market quotation of 390p. They have, however, cut the coupon on the bonds from an indicated 7 per cent. to 6¾ per cent. and raised the size of the issue from $25m. to $35m.

The final terms therefore comprise a $35m. issue with a 6¾ per cent. coupon over fifteen years with the conversion price set at 385p. The bonds are convertible from October 15 at a sterling/dollar exchange rate of $1.7175.

The issue managers were clearly overtaken by the strength of the U.K. stock market last week, itself probably partly attributable to the Inchcape announcement on Monday together with the news of company's exemption from dividend controls.

Following the sharp rise in the price of the stock from the 350p level on the Friday before the issue announcement to a high point of 395p last Thursday (it fell to 390p on Friday) some dealers thought managers Barings and Crédit Suisse White Weld might well set the conversion price above the 385p maximum they had indicated.

Alternatively, they thought the period before the bonds could be converted might have been extended from the six months set in the offering circular.

In explaining the decision to stick by the terms, the issue managers point out that the Inchcape stock was already being quoted at its highest ever level at 350p.

Clearly, they also have in mind the losses suffered by holders of many previous convertible issues by British companies and the need to establish an unquestioned success in this first convertible Eurobond issue for a British company since for four years. They also clearly felt that having indicated a ceiling price, they must stick to it.

In so far as Inchcape's first priority was to extend the range of its shareholders overseas, it has also probably been a success from the company's point of view.

Over half the allocations are likely to be to European Investors (in the widest sense) though, as was to be expected, demand was particularly heavy from the Far East.

In general, the dollar sector of the Eurobond market was buoyant again at the beginning of last week and though demand fell off later dealers reported no sign of selling and prices were held at the higher levels established earlier.

Two straight issues were priced early on in the week: Toyo Menka Kaisha and the European Investment Bank. All three tranches of the EIB issue were well received. They have been quoted at a slight discount but well within the selling group commission. This was after the shorter term tranche had been increased in size from $50m. to $75m. and priced at a premium.

Toyo Menka Kaisha did not go so well on Friday, it was being quoted at 97½/8¼ after being priced at 99½. Dealers report market saturation for Japanese issues at present and suggest that but for a shortage of five year paper in the market, it would have fared very badly indeed.

Floating rate notes continue in short supply, dealers say, and two more have been launched. Union Bank of Finland (formerly known as Pohjoismaiden Yhdyspankki Oy-Nordiska Foreningsbanken) launched a $30m. five year floater over the week-end, offering a minimum rate of 6¼ per cent. with the usual quarter point margin over LIBOR. The Austrian Genossenschaftliche Zentralbank had previously come out with its second floater, a $40m. six year issue offering a 6 per cent. minimum.

Of interest in the longer term is an announcement from Sandvik that it is planning a $35m. convertible at "an appropriate time."

Among other issues in the market, Société Nationale Elf Aquitaine's $75m. is expected to benefit from what dealers describe as a shortage of good quality paper—it has been rated AA—and the Singer issue from its high coupon and five year maturity.

There were interesting developments in virtually every sector of the international bond market last week. In the Swiss franc market — labouring under the problem of a sharply rising yield-base (sharply rising, that is, by the standards of the Swiss franc market), an ambitious attempt at a Sw.Frs.200m. issue for the World Bank had to be cut back to Sw.Frs.100m. In New York, the European Coal and Steel Community has maintained its triple-A rating, contrary to some expectations, with a newly filed $75m. twenty-year issue with Kuhn Loeb as lead manager. From Japan comes the news that the authorities have decided to countenance a "Euro-yen" issue for the European Investment Bank.

It has also emerged that the European Economic Community is to issue $100m. worth of fixed rate stock to consolidate a further third of the $300m. floating rate loan it arranged early la[st] ... The funds will be raised t[hrough] a Dutch consortium.

The first $100m. tranc[he] consolidated by means of [a] year 7¾ per cent. bond [in] New York last October.

The D-mark sector ... market was extremely ... again last week. Apart f[rom] issues listed in the table, ... banken of Copenhagen is [in the] market with a DM50m. placement via Berliner H[andels]gesellschaft-Frankfurter ... The issue offers 7½ per c[ent] ... a six-year bullet maturity.

The size of Austria's is[sue has] been raised from DM10[0m. to] DM 150m.

Also indicative is the f[act that] the coupon on Iceland's is[sue has] been cut from an indicat[ed] 7¾ per cent.

The details of the "Eu[ro-yen"] market are still rather ... but it appears that the EI[B] will definitely go ahead.

CURRENT EUROBOND ISSUES

Borrower	Amount	Maturity	Av. life years	Coupon %	Price	Lead manager	yield %
US DOLLARS	$m.						
†UBAF	25	1982	Bullet	6¾ min.	100	Crédit Lyonnais, First Chicago Ltd.	6.86 min.
‡Asahi Optical	10	1992	—	6	100	Yamaichi	—
European Investment Bank	75	1984	7	8	100½	Deutsche Bank	7.95
	50	1987	Bullet	8¼	99¼	Deutsche Bank	8.29
	50	1992	10.44	8¾	100	Deutsche Bank	8.75
‡Compair	10	1987	—	8½	100	Morgan Stanley	—
Toyo Menka Kaisha (guaranteed Tokai Bank)	30	1982	Bullet	7½	99½	Nikko, Morgan Grenfell	7.93
Elf Aquitaine	75	1985	Bullet	8½	*	UBS (Securities)	*
Singer	50	1982	Bullet	8¾	*	Goldman Sachs	*
‡Inchcape (Bermuda)	35	1992	—	6¾	100	Barings, CSWW	—
EMI Finance	30	1989	10½	9½	*	Lazard Bros.	*
Mitsui Petrochemical	25	1984	5.56	8	*	Nomura (Europe)	*
†Genossenschaftliche Zentralbank	40	1983	Bullet	6 min.	100	S. G. Warburg	6.09 min.
†Union Bank of Finland	30	1982	Bullet	6¼ min.	100	Citicorp Intnl.	6.61
CANADIAN DOLLARS							
ECSC	Can$25m.	1984	Bullet	9	*	Morgan Stanley	—
D-MARKS							
Austria	DM150m.	1985	7	6¾	*	Deutsche Bank	*
Iceland	DM50m.	1987	6.67	7¾	100	WLB	7¾
CCCE	DM100m.	1985	Bullet	7	*	Commerzbank	*
Asian Development Bank	DM100m.	1985	Bullet	7	*	Deutsche Bank	*
GUILDERS							
NSU	Fls.50m.	1982	Bullet	8½	100	AmRo	8½

* Not yet priced † Floating rate note ‡ Convertible

BONDTRADE INDEX

	Friday	1977 High
Medium	102.59	103.09
Long	95.05	95.15
Convertible	109.08	110.47

EUROBOND TURNOVER

Nominal Value $m

Week ended March 18	U.S.$ Bonds	(previous)	Others	(pr[evious])
Cedel	436.1	(434.4)	111.0	[illegible]
Euroclear	806.3	(700.3)	96.0	[illegible]

Indices

NEW YORK —DOW JONES

	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 11	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	961.92	964.04	968.00	965.01	958.36	947.72	999.75 (3/1)	931.52 (11/2)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	91.09	91.10	91.06	90.94	90.90	90.91	93.07 (3/1)	90.69 (7/3)	—	—
Transport	231.85	229.89	228.58	227.56	225.56	224.45	237.62 (10/1)	221.01 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	107.52	107.56	108.62	108.44	108.56	108.09	111.87 (25/1)	104.87 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	19,840	20,700	22,140	25,340	19,290	18,250	—	—	—	—

* Basis of index changed from July 1.

	Mar. 11	Mar. 7	Feb. 25	Year ago (approx.)
Ind. div. yield %	4.47	4.45	4.60	3.74

STANDARDS AND POORS

	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 11	1977 High	1977 Low	Since compilation High	Since compilation Low
*Industrials	113.37	113.95	113.89	113.60	112.96	111.96	118.82 (3/1)	110.86 (25/2)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	101.66	102.08	102.17	101.86	101.42	100.65	107.00 (3/1)	99.49 (25/2)	125.86 (11/1/73)	4.40 (1/6/32)

	Mar. 16	Mar. 9	Mar. 2	Year ago (approx.)
Ind. div. yield %	4.09	4.17	4.15	3.68
Ind. P/E Ratio	10.52	10.45	10.83	13.65
Long Govt. Bond yield	7.72	7.76	7.76	3.78

N.Y.S.E. ALL COMMON

Mar. 18	Mar. 17	Mar. 16	Mar. 15	1977 High	1977 Low
56.56	56.46	56.50	55.87	57.07 (4/1)	54.09 (25/2)

Rises and Falls	Mar. 18
Issues Traded	1,871
Up	646
Down	795
Same	500
New Highs	101
New Lows	51

MONTREAL

	Mar. 18	Mar. 17	Mar. 16	Mar. 15	1977 High	1977 Low
MONTREAL Industrial	165.48	165.47	165.25	164.43	165.47 (17/3)	155.39 (21/1)
MONTREAL Combined	162.74	162.69	162.75	162.11	162.73 (16/3)	155.20 (18/1)
TORONTO Composite	1032.5	1031.9	1032.3	1,029.4	1052.3 (16/3)	992.0 (18/1)
JOHANNESBURG Gold	187.2	184.0	182.7	179.0	192.3 (7/3)	146.9 (7/2)
JOHANNESBURG Industrials	173.0	172.0	172.9	173.7	186.9 (7/1)	172.6 (17/3)

	Mar. 18	Previous	1977 High	1977 Low
Australia (a)	434.39	432.35	447.32 (17/1)	419.63 (10/2)
Belgium (b)	95.00	95.13	99.12 (10/1)	92.61 (20/2)
Denmark (d)	105.42	104.81	106.12 (15/3)	98.96 (6/1)
France (e)	53.7	53.8	58.4 (7/1)	53.4 (28/2)
Germany (f)	723.5	722.4	754.1 (10/1)	712.5 (10/3)
Holland (g)	85.3	84.7	85.4 (15/3)	81.2 (26/1)
Hongkong (h)	416.12	413.31	447.08 (5/1)	415.45 (14/3)
Italy (k)	65.96	66.60	73.11 (6/1)	66.15 (15/3)
Japan‡ (m)	377.59	379.18	385.79 (9/2)	374.35 (14/3)
Singapore (a)	—	261.03	260.29 (10/1)	251.03 (17/3)
Spain (p)	95.66	96.54	102.37 (1/3)	89.95 (11/2)
Sweden (q)	410.32	411.77	415.76 (16/3)	369.10 (4/2)
Switz'l'd (r)	—	282.7	292.8 (11/1)	280.6 (3/3)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (o) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

Investment premium based on $2.60 per £1—110¼% (110¼%).

GERMANY ♦

JOHANNESBURG

AUSTRALIA

PARIS

VIENNA

OSLO

BRAZIL

SPAIN ♥

AMSTERDAM

TOKYO ♦

Source: Nikko Securities, Tokyo

COPENHAGEN ♦

BRUSSELS/LUXEMBOURG

STOCKHOLM

MILAN

SWITZERLAND ♦

TEL AVIV

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

FINANCIAL TIMES STOCK INDICES

—	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Mar. 14	Mar. 11	A Year ago
Government Secs	69.48	69.25	68.42	68.63	68.63	67.88	61.50
Fixed Interest	67.94	67.85	67.54	67.50	67.27	66.55	61.25
Industrial Ordinary	428.5	433.8	428.0	427.9	428.8	415.8	394.5
Gold Mines	138.5	134.1	135.0	129.1	128.8	129.0	165.5
Ord. Div. Yield	5.19	5.13	5.19	5.20	5.19	5.32	5.22
Earnings Y'ld% (full)*	16.66	15.72	15.91	15.94	15.95	16.51	16.44
P/E Ratio (net) (*)	8.87	9.24	9.04	9.02	9.05	8.82	9.50
Dealings marked	7,040	7,466	8,201	9,581	8,078	8,285	5,778
Equity turnover £m.	—	99.87	80.27	103.57	90.04	90.90	69.21
Equity bargains total	—	19,195	18,959	24,370	19,126	22,588	16,219

10 a.m. 432.9. 11 a.m. 431.0. Noon 425.5. 1 p.m. 426.0. 2 p.m. 426.7. 3 p.m. 429.5.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=8.90.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/3/35. Gold Mines 12/10/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976/7 High	1976/7 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	59.49 (18/3/77)	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	57.94 (18/3/77)	55.37 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	435.8 (17/3/77)	265.5 (27/10)	543.5 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	78.8 (25/8)	442.5 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Mar. 18	Mar. 17
Daily—		
Gilt-Edged	195.3	217.7
Industrials	245.9	270.0
Speculative	31.1	61.8
Totals	160.2	170.0
5-day Av'r'ge		
Gilt-Edged	235.3	249.1
Industrials	297.5	305.5
Speculative	56.2	55.0
Totals	188.3	194.0

FT—ACTUARIES INDICES

—	March 18	March 17	March 16	March 15	March 14	March 11	Year ago
Industrial Group	168.58	169.87	166.88	167.19	166.78	161.98	156.18
500 Shares	182.75	194.77	181.83	199.22	191.88	186.62	171.91
Div. Yield pc	5.63	5.55	5.64	5.63	5.64	5.76	5.49
P/E Ratio (net)	9.66	9.77	9.46	9.49	9.47	9.26	9.83
All Shares	179.18	181.09	178.24	178.57	178.04	173.65	162.33
Red. Debs Yield pc	12.59	12.58	12.74	12.73	12.72	12.98	14.10

HONG KONG

SINGAPORE STOCKS

INSURANCE, PROPERTY, BONDS

Prices on *March 18, **March 15, ***March 7. † Weekly dealings.

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax.

INSURANCE BASE RATES

†Property Growth 11½%

Cannon Assurance .... 10 %

†Address shown under Insurance and Property Bond table.

CORAL INDEX Close 428-433

I.G. Index 01-351 3466 — 3 months Silver 292½-295½

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Indian Electronic Components Exbn. (cl. Mar. 31)	28-30 Cork St., W.1
Current	Quality by Design Exhibition (cl. Mar. 26)	Design Centre, S.W.1
Current	Daily Mail Ideal Home Exhibition (cl. Apr. 2)	Olympia
To-day	Scottish Hotel, Catering Exhibition (cl. Mar. 25)	Glasgow
Mar. 22—23	EIA Engineering Exhibition	Coventry
Mar. 22—24	Computer market '77 Exhibition	Cunard Int. Hotel, W.6
Mar. 22—24	International Tyre and Equipment Exhibition	Earls Court
Mar. 28—Apr. 1	Engineering Inspection & Quality Control Exbn.	Nat. Exbn. Centre, B'ham.
Mar. 28—Apr. 1	Autoquip '77 Exhibition	Wembley Conf. Centre
Mar. 29—Apr. 1	Business & Management Teaching Aids Exbn.	Bristol
Mar. 31—Apr. 1	Frozen Food Exhibition	Metropole Centre, Brighton
Apr. 19—21	Heating & Ventilation Exhibition	West Centre Hotel, S.W.6
Apr. 19—21	Electronics Exhibition	Grosvenor House, W.1
Apr. 19—24	High Fidelity '77 Exhibition	Heathrow Hotel
Apr. 20—22	Offshore Repair & Maintenance Exhibition	Metropole Centre, Brighton

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Motor Show (cl. Mar. 27)	Geneva
Current	Cairo International Fair (cl. Mar. 31)	Cairo
Current	British Export Fair (cl. Apr. 2)	Tokyo
Mar. 25—Apr. 2	International Building Exhibition	Utrecht
Mar. 26—Apr. 4	Lyons International Fair	Lyons
Mar. 31—Apr. 6	International Electronic Components Exbn.	Paris
Apr. 14—23	International Trade Fair	Milan
Apr. 17—24	International Food Fair	Thessaloniki
Apr. 18—24	International Spring Fair	Zagreb
Apr. 20—28	Hanover Fair '77	Hanover
Apr. 21—May 1	Int. Building & Public Works Exhibition	Madrid
Apr. 23—May 8	Brussels Trade Fair	Brussels

BUSINESS AND MANAGEMENT CONFERENCES

Mar. 22	CBI: Europe and the Middle East	21, Tothill Street, S.W.1
Mar. 22	London Chamber of Commerce: Foreign Currency	54, Lombard St., E.C.3
Mar. 22	LPCS: Social Security and Pensions	Sudbury House, E.C.1
Mar. 22	ICE: Research & Corp. Planning in the Chem. Ind.	Birmingham
Mar. 22—23	Management Education Services: The Practice of Credit Control	Connaught Rooms, W.C.2
Mar. 22—23	Seatrade: Money and Ships '77	Grosvenor House Hotel, W.1
Mar. 22—24	Assoc. Cert. Acc.: European Taxation	Clifton-Ford Hotel, W.1
Mar. 22—25	District Heating Assoc. National Conference	Scarborough
Mar. 24	Merseyside CCI: U.K. Ports in the EEC	Liverpool
Mar. 24	CBI: Export Finance in Foreign Currencies	21, Tothill St., S.W.1
Mar. 24—25	G.K. Tutorial: Documentary Credits	Waldorf Hotel, W.C.2
Mar. 25	Inv. & Prop. Studies: Corporate Tax Reduction	Inn on the Park, W.1
Mar. 27—Apr. 1	W. D. Scott: Effective Office Management	Lydiard Park, Wilts
Mar. 28—30	ORC (U.K.): Paying People Abroad	Kensington Palace Hotel, W.8
Mar. 28—Apr. 1	P-E Cons Grp.: Payment Systems & Legislation	Training Centre, Egham
Mar. 29	ICMA: ED 18 & the Management Accountant	Washington Hotel, W.1
Mar. 29—30	PBIS: Building Sub-Contract Forms	21, Montagu St., W.1
Mar. 30	Stanford Research: Decision Analysis	Dorchester Hotel, W.1
Mar. 30—31	Financial Times: Employment Conditions Abroad Limited: International Executive Employment	Royal Lancaster Hotel, W.2
Apr. 4—5	Leicester University: Industrial Democracy	Leicester
Apr. 5	Imperial College: Financial Management	Exhibition Road, S.W.7
Apr. 6	London Business School: The Bullock Report	Sussex Place, N.W.1
Apr. 7	Inter-bank Research Organisation: Financial Decision Making on a Group Wide Basis	Moor House, E.C.2
Apr. 12—13	Financial Times, Norwegian Journal of Commerce and Shipping: Oil and the Norwegian Economy	Oslo
Apr. 13—14	Queen Mary College: Commercial Operations in Europe	London Hilton, W.1
Apr. 13—15	Leeds University: The Computer in Transport Management	Leeds
Apr. 14	Henley Centre for Forecasting: The Budget	Carlton Tower Hotel, S.W.1
Apr. 14—15	World Trade Institute: Export Documentation and Finance	St. Katherine's Way, E.1
Apr. 15—18	Institute of Personnel Management: Government Intervention in Industrial Relations	Oxford
Apr. 18	Dunchurch Industrial Staff College: Export Management	Rugby
Apr. 19—20	Financial Times: Industrial Relations in 1977	Royal Lancaster Hotel, W.2
Apr. 20	Agra Europe: The CAP & the U.K. Food Industry	Wye College, Kent
Apr. 21	Institute of Chartered Accountants: International Accounting Standards Conference	London Hilton, W.1
Apr. 21	London Chartered Accountants: The Stock Exchange	Stock Exchange Council Room

This week in Parliament

TODAY

Commons.—Redundancy Rebates Bill, Second Reading. Nuclear Industry (Finance) Bill: remaining stages. Motion on EEC document on coking coal for steel industry.

Lords.—Redundant Mineworkers and Concessionary Coal (Payments Schemes) (Amendment) Order. Transport Boards (Adjustment of Pavements) Order. Family Income Supplements (Computation) Regulations. Weights and Measures Act 1963 (Honey) Order 1977. Debate on EEC Farm Price Review and Green Pound.

Select Committees. — Expenditure, general sub-committee. Subject: Developments in the Civil Service. Witnesses: Lord Diamond and Sir Samuel Goldman (4.15 room 8). Expenditure, Education, Arts and Home Office Sub-Committee. Subject: Attainments of the school-leaver. Witnesses: Modern Language Association; National Association for Teaching of English (4.15 room 13). Expenditure, Social Services and Employment Sub-Committee. Subject: Job Creation Programme. Witnesses: local authorities and voluntary organisations. (2.30 in Manchester).

TO-MORROW

Commons. Debate on defence estimates.

Lords. Agricultural Holdings (Notices to Quit) Bill, third reading. Social Security (Miscellaneous Provisions) Bill, report. Gas (Northern Ireland) Order. Appropriation (Northern Ireland) Order. Job Release Bill, Second Reading. Patents Bill, Committee.

Select Committees. Expenditure, Social Services and Employment Sub-Committee. Subject: Job Creation Programme. Witnesses: Voluntary organisations and sponsors of projects and Merseyside local authorities (11 a.m. Liverpool).

WEDNESDAY

Commons. Conservative motion on no confidence in Government. Debate on defence estimates.

Motion on financial assistance to Meriden Motorcycle Co-operative.

Lords. Debate on need for national stabilisation and recovery programme round which a political consensus on national recovery can be built. Representation of the People Bill, Second Reading.

Select Committees.—Expenditure, Trade and Industry Sub-Committee. Subject: Public Expenditure White Paper, Export Credit Finance. Witnesses: Official from ECGD, Committee of London Clearing Bankers (10 a.m. Room 16). Nationalised Industries. Subject: British Steel Corporation. Witnesses: Chairman of BSC and non-executive directors. (10.45 a.m. Room 8). Expenditure, Defence and External Affairs Sub-Committee. Subject: Progress towards implementation of final act of Conference on Security and Co-operation in Europe. Witness: Mr. A. Shonfield, Director of Royal Institute of National Affairs. (11.30 a.m. Room 7). Overseas Development Committee. Subject: Trade policy and aid policy. Witnesses: Foreign Office (4.15 p.m. Room 6).

THURSDAY

Commons.—Debate on chairman of Ways and Means ruling of Thursday February 10. Motions on European Communities (Definition of Treaties) Orders. Opposed Private business.

Lords.—Social Security (Misc. Provisions Bill), Third Reading. Criminal Law Bill, report. International Finance Trade and Aid Bill, Second Reading.

FRIDAY

Commons.—*Private Members' motions.*

TUC hits private medicine

BY OUR LABOUR STAFF

INTRODUCTION of private health insurance schemes into the National Health Service has been rejected by the TUC because it would result in poorer health care for many working people.

In its evidence to the Royal Commission on the NHS, the TUC argues that "a universal private insurance scheme would result in better care being given to those who can pay for it." This was a "classic case of the poor becoming poorer, at least in terms of medical care," adds the TUC.

It regards the health service as a primary function of Government and believes there should be no financial barriers to good health. For this reason, it opposes all charges and opposes public expenditure cuts which affect the NHS.

Revenue for the NHS should come from general taxation, and in the long term there should be an increase in the proportion of the national income devoted to the health service.

The TUC sees no need for immediate changes in health service structure because of the changes made in 1974.

LABOUR NEWS

Leyland returns to normal working

BY DAVID CHURCHILL, LABOUR STAFF

BRITISH LEYLAND starts to return to normal production to-day when 3,000 striking toolmakers and 50,000 laid off workers will go back to work as crucial talks start on the toolmakers' grievances.

These talks, between Leyland management, union officials and leaders of the toolmakers, will attempt to find ways of rectifying the erosion of skilled workers' differentials under successive pay policies in the past few years.

Both sides will take heart from the clear indication given at the week-end by Mr. Albert Booth, Employment Secretary, that a degree of flexibility would be incorporated into the third stage of the pay policy to take account of differentials and anomalies.

Mr. Booth told the National Association of Co-operative Officials' conference in Harrogate that the Government had "got the message" about the need for more flexibility. But he warned that although flexibility would help to solve some problems "a complete answer is not going to be found by throwing all restraint out of the window."

It was increasingly frustrating for skilled workers who found themselves "unable to reorganise within the present pay straitjacket to improve output and thus do something about their *own living standards.*" But, optimistically, he suggested these feelings of frustration "were a sign of some dynamism returning to industry."

Although there is little likelihood to-day of Leyland management giving in to the toolmakers' demands for separate negotiations the meeting is expected to discuss alternative methods of maintaining skilled workers' differentials to improve the company's poor industrial relations record over the past year.

But Mr. Roy Fraser, chairman of the toolmakers' unofficial committee, warned yesterday that if no progress was made at the talks the full strike committee would be immediately recalled.

Town hall union hits pay policy

By Our Labour Staff

STRONG OPPOSITION to the social contract and another phase of pay policy is reflected in the conference agenda for the fourth largest trade union—the 670,000-strong National and Local Government Officers' Association. All six motions on pay policy put forward by branches for debate at the union's Scarborough conference in June are unanimous in their condemnation of the Government for failing to keep its part of the social contract.

Branches are especially angry at the Governments' cuts in public spending and its failure to reduce the level of unemployment.

Delegates will be asked to support action ranging from opposition at the TUC to industrial action against a new pay policy. The union's Strathclyde branch is urging delegates to press for an "adequate across-the-board lump sum increase to restore living standards."

Unions seek rights at IBM

BY DAVID CHURCHILL, LABOUR STAFF

AN IMPORTANT test for the Government's radical employment legislation is gathering pace at the multi-national group, IBM, where four trade unions *are seeking* to use the law to force recognition in the face of a 25-year-old ban on unions within IBM.

Next week, if the unions and company can patch up their wrangling over the wording of a multi-question survey compiled by the Advisory, Conciliation and Arbitration Service, IBM's 13,500 U.K. employees will be given the chance to say whether they prefer unionisation to the company's own particular brand of paternalism.

Even if the survey indicates a minority of employees support for collective bargaining by the unions, this could still be sufficient to prompt an ACAS recommendation under the Employment Protection Act that the unions be given representation rights for their members.

Such a decision would be seen as a major victory by the unions since it would give them a valuable foothold in IBM, one of the last big non-union companies, which has consistently antagonised union officials by refusing to grant recognition. It would also show the union movement that the Labour Government's far-reaching employment laws had enough teeth to be effective.

The four unions with ambitions at IBM are the Association of Scientific, Technical and Managerial Staffs, the engineering and white collar sections of the Amalgamated Union of Engineering Workers, and the white collar section of the Electrical and Plumbing Trades Union.

Their interest mainly centres on the large white-collar section of the company, including management and technicians, as well as the skilled production grades.

Initially the unions attempted to invoke the recognition sections of the Employment Protection Act to force recognition at IBM's Greenock plant in Scotland where unionisation has always been strongest, for historical reasons.

But IBM insisted that, in line with its policy of equal status for all employees, any recognition survey at Greenock must be expanded to include all U.K. employees.

This attitude, when accepted by ACAS, has led to two weeks of procedural wranglings over the survey's wording, but it seems almost certain the survey will take place as planned on March 31.

IBM is confident its progressive personnel policies, based on the U.S. parent company but developed for the U.K. will convince staff to vote for the status quo in the survey.

The company argues that granting recognition rights to the four unions would seriously unbalance its management style and internal communications network.

Moreover, it points out that its strike-free record during the past 25 years indicates that its industrial relations policies work extremely well without union involvement.

One-day strike by dockers

Dock workers at a number of U.K. ports, including Hull and Liverpool, are expected to stage a one-day strike to-day. This is in protest at the threatened closure of Preston Docks, where several hundred jobs are in jeopardy.

Scottish dockers decided not to join the strike because other forms of fighting the Preston closure had not been exhausted.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—

Alexanders Discount, 24 Lombard Street, E.C., 12

Derby Trust, Portman Hotel, Portman Square, W., 12

Great Northern Investment Trust, Glasgow, 12

Kennings, Exsafe, Chesterfield, 10

BOARD MEETINGS—

Finals:

Beatson Clark

Jameson Chocolates

Low and Bonar

Pataling Rubber Estates

Rolls-Royce Motors

Interims:

Chambers and Fargus

Courtney Pope

Green (R.) Properties

Lawtex

Miln Marsters

DIVIDEND & INTEREST PAYMENTS—

...

WEDNESDAY, MARCH 23

...

THURSDAY, MARCH 24

...

FRIDAY, MARCH 25

...

SATURDAY, MARCH 26

...

SUNDAY, MARCH 27

...

Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CLUBS

CLASSIFIED ADVERTISEMENT RATES

From 12th April 1977

	per line £	per cm £
Industrial & Business Premises	3.75	
Businesses for Sale/Wanted	3.75	
Residential Property	3.75	
Appointments	3.75	
Business & Investment Opportunities, Corporation Loans, Plant & Machinery, Production Capacity	4.50	
Education, Motors, Contracts & Tenders, Personal, Gardening	3.50	
Hotels & Travel	2.75	
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**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
26M	26S	Treasury 11½pc 77‡‡	101¼xd	17.2	11.38	9.27
15M	15N	Treasury 3pc 77‡‡	95⅞	11.10	3.13	9.56
20J	20D	Transport 4pc '72-77	96	15.11	4.17	9.59
15S	15M	Treasury 9pc 1978‡‡	99⅞	7.3	9.05	9.60
14J	14Ju	Treasury 10½pc 78‡‡	101	8.12	10.40	9.66
26M	26S	Exch. 5pc '76-78	96½xd	17.2	5.18	7.47
9S	9M	Treasury 11½pc 79‡‡	102½	31.1	11.22	10.05
17M	17S	Treasury 3pc '79‡‡	93½xd	8.2	3.21	5.84
26M	26S	Electric 4¼pc '74-79	94⅜xd	17.2	4.50	6.71
1M	1N	Treasury 10½pc 79‡‡	101	27.9	10.40	10.03
15M	15N	Electric 3½pc '76-79	92⅝	11.10	3.78	6.56
3S	3M	Treasury 9pc 1980‡‡	99⅜	25.1	9.06	9.27
14N	14M	Treasury 9½pc '80‡‡	99⅛	8.10	9.58	9.83
15D	15J	Treasury 3½pc '77-80	90⅜	8.11	3.87	6.86
15D	15J	Funding 5¼pc '78-80‡‡	92⅞	8.11	5.66	7.96
25M	25N	Exchequer 13pc 1980‡‡	107⅛	—	12.12	10.56
15J	15Ja	Treasury 11½pc 1981‡‡	104⅛	9.12	11.04	10.13
15A	15F	Treasury 3½pc 1979-81	88½	10.1	3.95	6.90
1D	1A	Treasury 9¾pc 1981‡‡	100¼xd	23.2	9.73	9.69
23M	23N	Exch. 12¾pc 1981‡‡	107⅞	—	11.87	10.67
15J	15Ja	Treasury 8½pc '80-82‡‡	97½	9.12	8.72	9.14
15F	15A	Treasury 3pc '82‡‡	85½	10.1	3.51	6.50
18M	16S	Treasury 14pc 82‡‡	113⅜xd	7.2	12.35	10.48
		Five to Fifteen Years				
17S	17M	Treasury 12pc 1983‡‡	106½xd	8.2	11.32	10.62
15J	15Ja	Funding 5½pc '82-84‡‡	86¼	4.12	6.45	8.37
10J	10Ju	Treasury 8¼pc '84-86‡‡	92¾	6.12	4.33	9.99
1N	1M	Funding 6½pc '85-87‡‡	80¾	27.9	8.31	4.95
26J	26Ja	Treasury 7¾pc '85-88‡‡	83½	20.12	9.41	10.51
1J	1Ju	Transport 3pc '78-88	60¼	25.11	5.03	8.68
15A	15O	Treasury 5pc '86-89	63xd	9.3	7.89	10.25
15J	15Ja	Treasury 13pc 1990‡‡	106¼	9.12	12.51	12.37
15D	15J	Treasury 8¼ 87-90‡‡	80	8.11	10.60	13.55
5O	5A	Funding 5¾pc '87-91‡‡	62xd	1.3	9.24	11.13
22J	22Ja	Treasury 12¾pc '92‡‡	102⅛	16.12	12.74	12.72
		Over Fifteen Years				
—		Exch. 12¾pc 1992	£96	—	12.76	12.85
14J	14Ju	Treasury 12½pc '93‡‡	100	8.12	12.79	12.83
15M	15S	Funding 6pc 1993‡‡	59½xd	7.2	10.16	11.64
23M	23N	Treasury 13¾pc 1993‡‡	106¾	—	13.16	13.07
1M	1S	Treasury 14½pc '94‡‡	109⅞	24.1	13.29	13.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

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**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

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CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

July	Burma Mines 17½p.	9	575	0.1	ϕ	1.8
—	Charterhall 5p.	28½	—	—	—	—
—	Colby Mines $C1	87	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	510	4.1	Q140c	ϕ	18.4
July	Northgate C$1	420	375	—	—	—
Jan. June	R.T.Z.	227	11.1	g5.96	2.1	4.0
—	Sabina Inds. C$1	60	—	—	—	—
—	Tara Expln. $1	£12⅝	—	—	—	—
Nov. July	Tehidy Minerals 10p	53	4.10	t1.19	2.2	3.5
Oct.	Yukon Cons. C$1	140	15.9	Q6½c	ϕ	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	18	......
Ash Spinning	40	......
Bertam	17	......
Bdg'wtr. Est. 50p	232	+5
Clover Croft	21	......
Craig & Rose £1	360	......
Dyson (R.A.)	22	+1
Ellis & McHdy	59	......
Evans Fr'k 10p	21	+4
Evered	12	−½
Fife Forge	55	......
Finlay Pkg 5p	16	......
Graig Ship. £1	325	......
Hallam Sleigh 10p	81½xc	......
Higsons Brew	77	−1
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	200	......
Kleen-e-Ze	41	......
Lovell's Ship £1	180	......
N'thn. Goldsmith	26	......
Pearce (C.H.)	80	......
Peel Mills	13	......
Robb Caledon 5p	80	−4
Sayers 12½p	32	......
Sheffield Brick	85	......
Sheff. Refrshmt.	160	......
Shiloh Spinn.	21	......
Sindall (Wm.)	54	......

IRISH

Conv. 9% '80/82	£91¼	+⅛
Alliance Gas	43	......
Arnott	245	+20
Carroll (P.J.)	94	+1
Clondalkin	41	......
Concrete Prods.	73	......
Heiton (Hldgs.)	28	......
Ind. News	48	+1
Ins. Corp.	125	......
Irish Distillers	55	......
Irish Ropes	120	+1
Jacob	43	......
Sunbeam	16½	−½
T.M.G.	138	+2
Unidare	49	......

OPTIONS

3-month Call rates

Industrials					
A. Brew	6½	Hawker Sidd.	40	Tube Invest.	30
A.P. Cement	18	House of Fraser	8	Unilever	40
B.S.R.	10	I.C.I.	25	Utd. Drapery	7½
Babcock	8	"Imps"	7	Vickers	15
Barclays Bank	25	I.C.L.	14	Woolworths	6
Berry Wiggins	5	Inveresk	7	**Property**	
Beecham	32	Ladbroke	11	Brit. Land	3½
Boots Drug	12	Legal & Gen.	12	Cap. Counties	3
Bowaters	16	Lex Service	5	E.P.	5
B.A.T.	21	Lloyds Bank	22	Intreuropean	7
British Oxygen	6	"Lofs"	5	Land Secs.	14
Brown (J.)	17	London Brick	5	MEPC	7
Burton 'A'	5	Lonrho	8	Peachey	6
Cadburys	5	Lucas Inds.	20	Samuel Props.	4½
Courtaulds	10	"Mams"	7	Town & City	1½
Cavenham	10	Mrks. & Spncr.	10	**Oils**	
Debenhams	8	Midland Bank	25	Brit. Petroleum	60
Distillers	13	Nat. West. Bank	22	Burmah Oil	8
Dunlop	8½	Do. Warrants	9	Shell	20
Eagle Star	11	P & O Dfd.	12	Ultramar	14
E.M.I.	20	Plessey	7	**Mines**	
Gen. Accident	17	R.H.M.	5	Charter Cons.	15
Gen. Electric	17	Rank Org. 'A'	18	Charterhall Fin.	4
Glaxo	36	Reed Intl.	20	Cons. Gold	15
Grand Met.	7	Revertex	12	Rio T. Zinc	18
G.U.S. 'A'	18	Spillers	4		
Guardian	10	Tesco	4		
G.K.N.	25	Thorn 'A'	22		
		Trust Houses	13		

FINANCIAL TIMES
Monday March 21 1977

GEC bid on Caracas Metro contract highest at $605m.

BY JOSEPH MANN — CARACAS, March 20.

THE BRITISH consortium headed by GEC has startled its seven international competitors by placing by far the highest bid for the contract to supply rolling stock and rails for the Caracas Metro.

GEC's bid was of $605.8m. while the lowest, from Société Générale de Techniques et d'Etudes of France, was $229m.

Offers were expected to be in the $250m. to $350m. range. "GEC must have been bidding on a different railway," commented one of the foreign engineers involved with the Metro construction after the offers were announced this morning.

A banker suggested that the British might have come in with a high bid because of the effects of interest rates and general inflation in the U.K. There was surprise, however, that the GEC consortium did not make a low basic bid with contractual adjustments to compensate for inflation.

The bidding was for one of the biggest contracts to be let in the construction of the $1.5bn. Caracas Metro. It involves 240 rapid transit cars and 4,500 tonnes of steel rail.

Dual offer

Trains will run on a 20 kilometre stretch of the Metro which will cross the valley of Caracas from east to west providing the network's main artery.

The Venezuelan Government, which is supervising construction, asked for bids on either aluminium or stainless steel cars but only Siemens of Germany presented a dual offer for the coaches.

Taking part in the recent bidding at the Caracas Metro office were the following companies: C. Itoh and Co. of Japan (bid $242.8m.); Société Franco-Belge de Matériel de Chemins de Fer ($296.5m.); Westinghouse Electric Corp., of the U.S. ($306.7m.); Pullman Standard ($304.8m.); and Urban Transportation Development Corporation of Canada ($374.6m.). Siemens A.G. placed two different bids—aluminium cars ($259.3m.) and stainless steel coaches ($257.9m.). Canadian Vickers and Brown Boveri and Cie AG bad passed the pre-qualification stage but did not present offers.

Recently, a consortium called Avrail headed by British Rail and Transmark dropped out of the competition for building the first major link in Venezuela's national railway system.

Avrail said that the contractual requirements laid down by the Venezuelan Government—specially related to cash-flow—were unacceptable. Other foreign consortia made offers on the project.

Annan report leak inquiry likely

By Arthur Sandles

A LEAK of the final draft of the Annan Committee report on the Future of Broadcasting is likely to be the subject of a Whitehall inquiry this week.

The report, which says that the fourth television channel should go to a new broadcasting authority, and is severely critical of both BBC and IBA local broadcasting, will be published officially on Thursday.

After the Bullock report leak, the Government is in no mood to take another breach of publication security lightly.

The politicking within and around the Annan Committee has grown increasingly active of late. The 16-man committee includes a minority group of six, including Mr. Tom Jackson, the Post Office union leader, and Mr. Philip Whitehead, Labour MP for Derby North.

Both groups were reported last night to be irritated by the leak in The Observer, since it was seen to have dissipated the hoped-for impact of the findings.

New body

This was particularly the case since the report was clearly from a draft which was later amended, rather than from the actual report itself, which is still with the printer.

The committee is recommending that the fourth television channel, for which most British sets are now equipped, should go to a completely new body, the Open Broadcasting Authority.

This authority would shop for its programme material from the Open University, ITV, other education sources and from independent producers. It would be financed by grants, advertising and sponsorship.

The whole committee was against the idea of the fourth channel being handed over to ITV. To the delight of the BBC, the committee is in favour of the Corporation continuing to receive its finance from a licence fee.

Another recommendation is that all local radio stations should come under the wing of another new broadcasting authority which would deal only with local radio.

Suggestions from the minority that the BBC should lose all its radio powers and be split into two organisations—one for radio and one for television—were rejected by the majority. There was a similar disagreement over the future of Teletext (a technical development which presents visual news-sheets).

At the moment, the BBC has its system, Ceefax, and ITV has Oracle.

Of the other recommendations, one that suggests a Broadcasting Complaints Commission is likely to cause the greatest uproar. Neither the BBC nor ITV is eager to have anyone else interfering with what they both see as their own editorial freedom.

The Annan Committee feels, however, that the Independent Broadcasting Authority intervenes too much in programme preparation.

Among other suggestions from the committee are a call for an end to advertising in children's programmes, a look at inappropriate breaks in other shows for advertising and a demand for public hearings by broadcasters to hear the views of viwers and listeners.

Feature, Page 25

THE LEX COLUMN

Big Four grapple with inflation

The clearing bank results season has done little to reverse the generally weak relative price trend displayed by the banks sector for almost two years now; after the profits bonus produced by the surge in interest rates late last year the prospect is now for still lower money rates while there is no sign as yet of any compensating upturn in advances.

All the same, the Big Four achieved a substantial profits recovery in 1976 — with in aggregate a 65 per cent. improvement to a nice round £700m. pre-tax—and the publication to-day of the last of the four annual reports (from National Westminster) allows an overall look at the sector's balance sheet progress. The slowdown in the rate of U.K. inflation from 25 to 15 per cent. was a very welcome development here. On the other hand, typical deposits growth was around 16 per cent., significantly more than it had been in 1975 (about 10 per cent.).

Capital adequacy

The key point is that capital adequacy has improved. It is hard for outsiders to get fully to grips with the figures: the Bank of England is working towards ratios which measure capital resources in relation to the risks involved in different categories of assets, and capital/deposit ratios are less satisfactory substitutes. But at least it is possible to work out the latter from published accounts—though even so the provisions against advances are undisclosed and the deferred tax reserves which the Bank accepts as part of capital resources are only quantified by two of the Big Four (Midland and NatWest).

Free capital of a bank is defined as capital resources (including subordinated loan capital) less the book value of the infrastructure, such as premises, equipment and trade investments. Three of the Big Four (see the table) improved their ratios of free capital to deposits in 1976, and Barclays held its figure unchanged. The average rose from 2.4 to 2.9 per cent. To this could be added, perhaps, just under 1 per cent. for provisions against advances, while Midland's and NatWest's deferred tax reserves also represent about 1 per cent. in each case.

The 87 per cent. improvement in the clearers' aggregate retentions to £234m. in 1976 was plainly an important factor. But this alone would not have been enough to allow anything better than unchanged ratios. The increase in the average free capital ratio was due to the raising by the four groups of some £340m. of new equity and subordinated medium term debt.

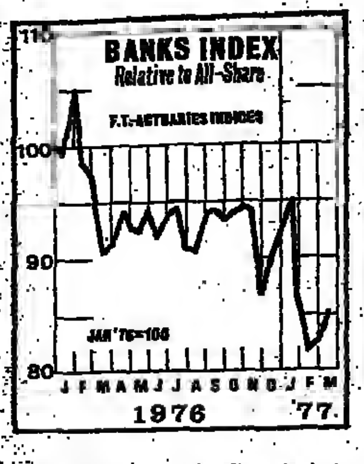
To the extent that a bank's net cash flow is absorbed by spending on the infrastructure it is not available to top up free capital. And it appears that such outgoings are rising high—approaching ... the Big Four last ... emerges most clearly ... of NatWest, which ... capital commitments ... Its free capital ... poorly on the ... because of its heavy ... secured property ... £63m. in 1976) ... ordinated debt. ... property development ... lead to heavy ... however, there is ... with NatWest's ... property disposals ... cure.

Elsewhere, the ... why Barclays, with ... average free capital ... been under no ... sure to make a ... They also highlight ... portionate reliance ... on loan capital: ... free equity capital ... to improve last year.

Inflation provision

Inflation accounting ... ject mentioned by ... chairmen, but not ... any detail. Even ... Group's working ... has, it appears, fall... any very definite ... nevertheless it is ... nut an interim ... sentative financial ... for their comments.

For the purposes ... tion, however, an ... been made in the ... the provision required ... bank to adjust for ... of 15 per cent. ... free capital. The pro... vision varies between ... per cent. of pre... Arguably, the part ... vision which relate... capital financed by ... be added back per ... the line in an ED 18 ... priations account.



THE BIG FOUR CLEARING BANKS 1976

	Barclays	Lloyds	Midland
Group deposits (£m.)	17,254	10,746	10,441
Growth in 1976	19%	18%	13%
Capital resources (£m.)	1,156	875	778
Ratio to deposits	6.7%	8.1%	7.5%
Free capital (£m.)	481	378	321
Ratio to deposits	2.8%	3.5%	3.1%
Previous year	2.8%	2.4%	2.5%
Free equity (£m.)	304	193	104
Ratio to deposits	1.8%	1.8%	1.0%
Previous year	2.0%	1.1%	1.0%
Notional provision for inflation (£m.)	72.1	56.7	48.1
of which financed by debt	26.5	27.7	32.5
Leaving	45.6	29.0	15.6
Pre-tax profits (£m.)	197.9	147.7	166.4

U.K. faces heavier repayments in 2 years

By Peter Riddell, Economics Correspondent

BRITAIN WILL start making repayments on a large scale from 1979 onwards on the sizeable sums of official foreign currency borrowing arranged over the last two years.

The latest Treasury estimates show that the Government and other public sector bodies will have to repay only about $100m. this year and $800m. next year before the total rises sharply to $2.4bn. in 1979.

Repayments will remain above $2bn. until 1983 with a peak year of $4.7bn. in 1981.

This underlines the recent statements by the Governor of the Bank of England about the need to run a large current account surplus for several years both in order to repay these debts and to rebuild the reserves.

Repayments between now and 1985 total $17bn. on Government and other public sector borrowings outstanding at the end of February. This excludes some debt which has been arranged but not drawn, although this is unlikely to alter the debt repayment profile significantly.

The figures assume that drawings on the IMF oil facility and on the credit tranches will be repaid over the fourth and fifth years after drawing.

These borrowings have, in the main, been built up over the last three years to finance the continuing heavy current account deficit and include, to particular, the large amounts raised by public sector bodies under the exchange cover scheme.

A large part of the total amount outstanding on the official foreign currency borrowing is on a floating rate basis, with the interest payable in any period determined by the level of Euro-dollar interest rates then prevailing.

REPAYMENTS OF OFFICIAL OVERSEAS BORROWING*

	$bn. Government	Other public Sector
1977	0.1	0.0
1978	0.1	0.7
1979	0.7	1.7
1980	1.2	2.0
1981	2.0	2.7
1982	1.1	1.6
1983	0.8	0.8
1984	0.7	0.6
1985	0.1	0.1

* Foreign currency borrowing by Government and public sector bodies, including nationalised industries, public corporations and local authorities.

Source: Treasury.

Leyland Special Products expects 43% profit rise

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITISH Leyland's Special Products group expects to increase profits 43 per cent. to £16m. and sales 33 per cent. to £203m. this year. This is in stark contrast to the uncertainties surrounding the car division.

Special Products' plan also involves a 42 per cent. jump in capital spending to nearly £13m.

Employment is expected to rise by 6 per cent. to about 13,300 according to a confidential document circulating within the group.

The statistics provide useful ammunition for those—both in Special Products and outside—who believe the group should be split from British Leyland, either to report direct to the National Enterprise Board or to form a separate private-sector company.

Certainly the importance of Special Products, now the eighth largest of the U.K. specialist engineering groups, is obscured by the sheer size of Leyland's involvement in volume car production.

It can also be argued, particularly now, that the association with the Leyland name is not particularly helpful. If Special Products was split it could be renamed. One name suggested is "British Equipment Group."

The Ryder report on Leyland took a neutral line on the possible divestment of Special Products. It said a detailed investigation of the future of the companies involved was needed before any decision could be made.

Mr. Alex Park, chief executive of British Leyland, has made his view clear: "We are very fond of Special Products and don't intend to let it go."

Special Products includes:

● Prestcold, which claims 40 per cent. of the European commercial refrigeration market and should have sales of more than £60m. this year.

● Britain's second-largest construction equipment business with sales about equal to those of Prestcold and which consists of Aveling-Barford, Aveling Marshall, Goodwin Barsby and Barfords of Belton.

● Alvis, the military vehicles builder, and

● Three smaller specialist companies, Self Changing Gears, Scammell Trailers and the Nuffield Press, all forecasting sales of between £4m. and £10m. this year.

● Coventry Climax, the forklift truck concern. Both should have sales between £30m. and £40m. this year.

This year's forecasts apparently do not take into account the possible acquisition of Rubery Owen Conveyancer which, with its expected £25m. of sales, would nearly double the size of Special Products' involvement in the forklift truck business.

Talks about this possible acquisition have been going on since November and should be completed soon. The take-over would be in line with the recommendations of the working party which has been looking at the forklift truck sector as part of the industrial strategy exercise.

Special Products could also be expected to play a major role in changes to the structure of the U.K. construction equipment industry which have been mooted.

In the 15-month financial period to the end of last December Special Products produced profits before interest of £14.6m. Sales were £198m.

Capital spending of £8m. was about £2.5m. below that planned, mainly because investment by the construction equipment side did not progress as fast as expected.

Mr. David Abell, Special Products' managing director, said in a letter which went out to employees recently, that the group should breakeven on cash flow and be self-sufficient by the end of this year. There was a negative cash flow of more than £14m. in the previous 15 months.

TV industry ready to fight Hitachi plan for U.K. factory

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE TELEVISION industry has told the Government in no uncertain terms that the Japanese group Hitachi should not be permitted to set up a manufacturing unit in Britain.

Such a step would be harmful to the television industry and to employment in it. More jobs would be lost in electronics than created, the manufacturers say.

The indications are that the Government is far from convinced by these arguments. Negotiations between it and Hitachi are understood to be at a delicate stage, which explains why the British manufacturers are stepping up their protests.

Thorn, the biggest; Philips-Pye; Decca; GEC; Rank-Bush-Murphy; and ITT say that there already is serious over-capacity in the industry, which can produce well over 2m. colour television sets a year. This compares with U.K. sales of 1.7m. in 1976, and the forecasts are that little market growth can be expected.

Two other Japanese concerns, Sony, which began production in the U.K. in 1974, and National Panasonic (Matsushita) which has just begun production, could soon make 40,000 sets a year, about 30 per cent. of the U.K. maker's 1976 output.

Though a proportion would be exported, the impact on the home market would be substantial.

Factories producing at a marginal level would have to close. Further jobs would be lost in an industry which has already seen nearly 20,000 workers disappear in the last three years, the makers say.

They suggest it is unlikely that the Japanese manufacturers in the U.K. would use as many British components as do the domestic manufacturers. They refer to the fact that Hitachi is investing in a £30m. colour tube plant in Finland in association with Salora and with the financial backing of the Finnish Government.

The British manufacturers have pointed out that they believed they were getting Government support in their struggle for survival, as the industry was included as a "key" sector in which special attention was being paid under the industrial strategy programme.

Establishment of a Hitachi factory would create a large element of uncertainty and instability.

If Hitachi did set up in the U.K. it would probably be in the North-East, a development area, where it would provide between 400 and 500 jobs, an attractive proposition from the Government's point of view, and one which would attract State aid.

The Department of Industry apparently feels that Hitachi is determined to set up a European base and that it might as well be in the U.K.

Continued from Page 1

Callaghan's hope is fading

to vote for the Government or abstain, and Mr. Frank Maguire, the Independent Irish MP, who has previously supported the Government but might abstain on Wednesday.

Mr. Maguire intends to turn up on Wednesday, but will not disclose his intentions before the vote.

If the Liberals carry out their threat and back the Conservative motion of no confidence, the Government therefore would lose by a handful of votes and a General Election would follow within a matter of weeks.

Liberal abstention might be enough to allow the Government to scrape home but there were other factors over the week-end that underlined the precariousness of the Government's position.

Mr. Reg Prentice, the former Minister and now a bitterly disenchanted back-bencher, let it be known that he echoed the Liberal position and would vote against the Government unless policy changes were forthcoming.

Mr. John Ryman, the "maverick" Labour MP for Blyth, also disclosed that he was considering voting against the Government.

The two Scottish Labour Party MPs, Mr. Jim Sillars (South Ayrshire) and Mr. John Robertson (Paisley) are to see Mr. Michael Foot, Leader of the Commons, to-day.

They have already said that they intend to vote against the Government, although they could change their minds if Mr. Foot was able to give firm pledges on implementing the Government's devolution proposals.

What seems certain is that at best the Government will win Wednesday's vote by the narrowest of margins, and Mr. Callaghan's ability to survive for more than a few months is not rated highly by MPs.

Even the most optimistic Labour backbenchers admitted yesterday that the Premier's strategy of retaining power for up to two years in the hope of an electoral revival based on economic prosperity now seems doomed.

The Conservative leadership appears to have taken a calculated gamble during the approach to Thursday's debate on the Government's White Paper on public expenditure to go all out to topple Mr. Callaghan's Administration. They decided that no better opportunity would occur in the foreseeable future.

Mrs. Thatcher, who is clearly scenting the kill after last Thursday's farcical division when the Government backed away from the vote for fear of defeat, launched a further attack at the week-end.

She told a Conservative conference in Torquay: "A Government that cannot get its major policies through the Commons cannot survive. . . . To-day we have a Government that dare not submit its economic policies to the judgment of the House."

The Opposition also intends to make contact this week with leaders of the minority parties, including the Liberals and the Ulster Unionists.

Pakistan strike call after riot deaths

BY OUR OWN CORRESPONDENT — KARACHI, March 20.

PAKISTAN announced to-night that she was releasing four prominent Opposition leaders after another day of serious violence which claimed at least 22 lives in three towns.

In the worst clashes 18 were killed in a gun battle with the para-military Federal Security Forces in Hyderabad, a staunchly Opposition city in Sind Province.

Three people were shot dead by soldiers for breaking a curfew in Karachi, and one was fatally wounded in a clash in Nawabshah. This raises the death toll in three consecutive days of violence to about 60.

In the Federal capital of Islamabad, Mr. Zulfikar Ali Bhutto, the Prime Minister, moved to stop the trouble by ordering release of the four leaders of the nine-party Pakistan National Alliance.

The Government said the four, retired Air Marshal Asghar Khan; Maulana Shah Ahmed Noorani; Mr. Sharhaz Mazari; and Prof. Ghafour Ahmed, were freed to attend a meeting called in Lahore to-morrow by the aged Opposition president, Maulana Mufti Mahmud.

The Government said earlier they were arrested for "creating lawlessnes by unconstitutional activities."

At least 50 people died and several hundred were injured in clashes at the week-end.

Opposition officials said security forces shot dead five more people to-day as heavily-armed troops patrolled the streets, and tanks remained stationed at key intersections.

The industrial areas of Landhi and Korangi and the west of Karachi have been placed under curfew and handed over to the Army, which has orders to "restore the situation to normal."

Mr. Zulfikar Ali Bhutto, the Prime Minister, whose sweeping gains in the General Election are contested by the Opposition, may face a turbulent week, with token strikes and boycotts in several parts of the country.

The Karachi committee of the Opposition Pakistan National Alliance, many of whose leading figures have been jailed by Mr. Bhutto since the election has called for a strike on Monday to protest against "police excesses on peaceful citizens."

At the week-end angry mobs set fire to cinemas and bus chassis at the State-owned Republic Motors.

According to the Opposition, 50 people have been killed in the last two days of rioting in Karachi alone.

Professor Ghafoor Ahmed, secretary-general of the Pakistan National Alliance, was arrested in Karachi yesterday shortly after his arrival from Lahore.

People held processions and demonstrations in Lyalpur, Sargoda, Multan, Lahore and several other cities in violation of the law banning assembly of five or more people.

Weather

U.K. TO-DAY

CLOUDY, showers in E., brighter in W. Cool.

London, S.E., Cent. S., S.W. England, Channel Is.
Mainly dry, bright intervals. Max. 10C (50F).

E., Cent. N., N.E. England, E. Anglia, Borders, Edinburgh, Dundee, Aberdeen
Bright intervals, showers, hill fog patches. Max. 7C (45F).

Midlands, Wales, N.W. England, I. of Man, N. Ireland
Mainly dry, bright intervals. Max. 9C (48F).

S.W., N.W. Scotland, Glasgow, Argyll
Mainly dry, bright intervals. Max. 7C (45F).

Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Bright intervals, wintry showers, hill fog patches. Max. 5C (41F).

Outlook: Mostly dry, sunny periods; cold; some showers in SE.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexndria.	C	19	66	Madrid	C	11	52
Amstdm.	F	11	52	Manchestr.	C	8	46
Athens	S	16	61	Melbourne	C	19	66
Barcelona	F	15	59	Milan	R	11	52
Beirut	S	18	64	Montreal	C	4	39
Belfast	C	9	48	Moscow	C	2	36
Belgrade	C	13	55	Munich	C	9	48
Berlin	R	9	48	Newcastle	C	6	43
Brmghm.	C	7	45	New York	C	4	39
Bristol	C	10	50	Oslo	C	6	43
Brussels	F	12	54	Paris	F	12	54
Budapest	C	12	54	Perth	F	25	77
B. Aires	S	27	80	Prague	C	7	45
Cairo	S	22	72	Reykjavik	R	3	37
Cardiff	C	10	50	Rio de J'o	S	30	86
Cologne	F	13	55	Rome	C	15	59
Copnhagn.	C	6	43	Singapore	S	30	86
Dublin	C	8	46	Stockhlm.	C	2	36
Edinburgh	C	7	45	Strasbrg.	C	11	52
Frankfurt	S	12	54	Sydney	F	24	75
Geneva	C	7	45	Tehran	C	21	71
Glasgow	C	9	48	Tel Aviv	F	18	64
Helsinki	C	−1	30	Tokyo	C	13	56
H. Kong	S	23	73	Toronto	C	−1	30
Jo'burg	C	24	75	Vienna	C	11	52
Lisbon	C	12	54	Warsaw	F	11	52
London	R	10	50	Zurich	C	5	41
Luxemb'g.	C	10	50				

HOLIDAY RESORTS

Ajaccio	R	11	52	Las Plms.	C	18	64
Biarritz	C	10	50	Locarno	R	7	45
Blackpool	C	9	48	Luxor	S	26	79
Bordeaux	C	12	54	Majorca	F	16	61
Boulogne	C	10	50	Malaga	C	18	64
Casablnca.	F	17	63	Malta	F	18	64
Cape Town	S	26	79	Nairobi	R	19	66
Corfu	C	15	59	Naples	F	16	61
Dubrovnik	C	13	55	Nice	R	8	46
Florence	R	14	57	Nicosia	S	17	63
Funchal	R	16	61	Rhodes	S	16	61
Gibraltar	C	17	63	Salzburg	C	8	46
Guernsey	C	8	46	Tangier	C	15	59
Innsbruck	F	9	48	Tenerife	C	12	54
Inverness	C	7	45	Tunis	S	21	70
Isle of Man	C	8	46	Valencia	C	17	63
Istanbul	S	13	55	Venice	F	12	54
Jersey	C	8	46				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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